

article is sold in different locations by different firms. In other cases, the same firm may sell the same article in different places at different prices which vary more than shipping and merchandizing costs make necessary.

A further example of the same situation can be found where the same, or virtually the same, articles are sold at different prices in the same city—usually by different sellers. All this contributes to unevenness in the price structure and raises questions regarding the position of the consumer, who is expected to pay different prices in either the same or different localities for the same or similar articles.

A strong case can be made that, where a single locality is concerned, varying prices are the virtue of the competitive system. They indicate that competition—which is an important balance in the price structure—is maintained. Where, however, the same operator sells at two different prices either in the same locality or in different localities, the practice may well require review. An example of this is where certain fruits were marketed in a metropolitan area at higher prices than they were marketed in outlying areas which, in fact, were farther from the original source of supply and where normally, for that reason, transportation costs should have made the selling price higher in the rural than in the metropolitan area.

Wholesaler-Retailer Relations

Another question is whether, in regard to specific commodities, a type of relationship between wholesalers, between retailers or between wholesalers and retailers, is involved which makes it difficult for prices to be set in a free competitive market. Indications of open or tacit agreements or attempts to regulate distribution methods and prices in certain conditions were found. Here again, each situation must be reviewed on its own merits; in certain instances, such an operation may be in the public interest, while in others it may be a factor designed to create or maintain high prices and wide profit margins and eliminate the free competitive interplay of prices. Where this type of activity appears to be a concerted move, it becomes a proper field for investigation under the Combines Investigation Act. On the other hand, the same practice may occur in cases which cannot be dealt appropriately with under this Act; for example, where, because of a regional monopoly in production, a single producer attempts to dictate retail selling policies or control prices, harm to the public interest may occur—although the operation may not in fact be a “combine”.

Effect of Buyer's Resistance on Prices

Also among the supplementary factors which may vary the normal influence of basic economic trends affecting prices and profit margins, public opinion should be mentioned. In one sense, public demand, as has already been noted, may contribute to rising prices. In another and particularly important sense, however, it may play its part in bringing about a reduction in prices, especially by a narrowing of profit margins at all levels of business operation.

The work of the Canadian Association of Consumers has shown that when public opinion is formed on the basis of an adequate knowledge of all the facts in a given situation then the effect on prices is salutary.

The concerted resistance of buyers may develop from such work. When prices become too high for the ordinary consumer and purchasing falls off, there is a good chance that a reduction in price may take place and the majority of the intelligent business community adjusts itself to this situation. There may,