

*Combines Investigation Act*

one of his items in the hands of all the retailers to whom he supplies it.

The illustrations I have given do not cover the whole story, but I believe they are sufficient to make my point.

**Mr. Speaker:** Order. Do I understand the minister has permission to place the table on *Hansard*?

**Some hon. Members:** Agreed.

**Mr. Fleming:** What was the date of the return of the bureau of statistics?

**Mr. Garson:** It was 1949.

**Mr. Fleming:** Is there anything more recent than that?

**Mr. Garson:** I do not think so. As my hon. friend knows, there is a time lag in the gathering of these statistics. Those I have are the latest available. It will be understood that I did not gather these figures myself, but I am sure my staff would have gathered the latest available. I believe these are the latest available. Then, as I have been given permission to place the table on *Hansard*, may I say it is as follows:

	Per cent of net sales	
	Average	Middle Range
Grocery .....	7.1	5.6—8.4
Fruit and vegetable .....	9.5	7.7—12.5
Tobacco and confectionery .....	5.6	4.2—7.6
Dry goods .....	13.4	10.1—16.7
Piece goods .....	12.6	9.6—17.3
Automotive parts and accessories .....	20.0	16.5—28.0
Hardware .....	14.1	11.8—19.0
Plumbing and heating supplies .....	12.0	9.4—14.7

I should like to supplement these points by one further detail. In addition to these middle range variations in the cost of distributing goods, we found upon inquiry that in representative lines of electrical appliances the retailer's margin varied quite substantially with the volume of business he did. To take an example: In the case of a certain refrigerator, the retailer's selling price being fixed under resale price maintenance but his buying price being dependent upon volume, his mark-up on cost varied by as much as 16 per cent, depending upon the quantity he got from the manufacturer.

Now, as I said earlier, ordinarily increased volume means reduced prices by virtue of the fact that many of the articles we are buying today at a modest price are available at that price because they are produced in volume. The more volume there is, the lower the price becomes. But in this particular case the man who buys in volume like this gets that 16 per cent, but under resale price maintenance he cannot pass any of it back to his customer except by way of extra service of one kind or another.

[Mr. Garson.]

To give an example of such services there is the running of charge accounts at no extra cost to the person opening the account, if he wishes to pay in that way. Ordinarily when a man buys for cash he saves the merchant a great deal by way of bookkeeping expense, time and trouble, and also there is a saving in bad debts.

One would ordinarily think that if he made a saving by that method of purchasing, which he had chosen, he should be able to get that saving. But under resale price maintenance he cannot get it. In effect, under resale price maintenance the manufacturer says, in relation to the pair of shoes about which I was speaking a moment ago—and I am afraid the price of \$5.50 I mentioned is not up to date; perhaps I should have said \$11—

**Mr. Fraser:** That must have been 1935.

**Mr. Garson:** Yes. I am a little behind in that respect. In effect the manufacturer says this: "I am sorry; this is a packaged commodity I am selling, and it consists of \$5 for the shoes and 50 cents for sales promotion and fancy services. If on top of the price for the shoes you, having only \$5 in your pocket, cannot pay for this service, then you cannot have either the shoes or the service; for under resale price maintenance I cannot reduce my price below \$5.50. In this way you must go without shoes and I must go without the sale." That is exactly what it means. There is no way of price reducing under resale price maintenance.

I next submit that vertical resale price maintenance may promote or assist the operation of a horizontal, price-fixing combine. Resale price maintenance may be developed in two different ways. It may be used by a single manufacturer in the first instance, independently, because he thinks it will maintain the reputation of his product and give him the best possible return upon it. But, sir, let us suppose that each one of a number of manufacturers of comparable products in a certain line of business is able to tie up all his retail and wholesale outlets by a perfectly legal resale price maintenance understanding, which fixes the prices they are to charge at the wholesale level and at the retail level. He has already fixed the price at which they are to be charged at the manufacturing level. I suggest that once each of a number of manufacturers has thus tied up his outlets in a lawful manner then all those manufacturers are in a much more favourable position to conclude among themselves a horizontal price fixing agreement which is illegal under the *Combines Investigation Act*. Moreover, behind the lawful facade of resale