

Combines Investigation Act

to his wholesaler and saying "My retail competitor is selling a shirt of the same quality as yours for 50 cents less. Unless you can give me a better price I cannot sell your shirt in competition with him, so you will have to sharpen your pencil and give me a better price on it." But when the retailers are not competitive—when the retail price is fixed—their direct interest in getting manufacturers' prices down disappears, because the higher the manufacturers' prices go the higher the price their mark-up will apply to. Indeed it is more serious than that, because instead of the retail trade bringing pressure upon the manufacturer to reduce his price the manufacturer seeks to secure the goodwill of the retailer by providing him with bigger and better margins than other manufacturers will provide him, and the consumer foots the bill.

You might think perhaps this is rather a strong argument for me to develop, but let me give you a few examples.

Mr. Hees: Don't worry about us.

Mr. Garson: Well, strongly worded, shall I say, as a concession to my hon. friend. Let me give you a few examples of what I mean. I am not going to give the names because I do not wish to be unfair, but if any hon. member is curious about these matters I can show him privately a photostatic copy of these advertisements which I have here on my file. I will show them to him privately. These are all recently published full-page advertisements from a reputable trade journal. The first concerns a cough syrup.

Mr. Drew: That is not made in Brockville, I hope.

Mr. Garson: I do not think it is, as a matter of fact. I do not think it is made in Carleton, anyway. The first concerns a cough syrup that, I venture to say, many hon. members have used. It is quite a well-known product. The advertisement reads in part:

Longer-profit deals—up to 42·8 per cent profit!
Don't be caught short! Blank—

That is the name of the so and so firm.

—blank is offering the widest profit spread on the fastest-growing cough syrup in Canada . . . hurry! Time is short—profits are long!

The second advertisement is that of a type of throat lozenge which doctors in the city, to my knowledge, are recommending to their patients at the present time, and I have not the least doubt with every justification. Here the profit is somewhat lower, 40 per cent, but please note the approach:

When the doctor says "get blank's," the patient gets 'em. Price is no object. And you profit accordingly.

And a third is even more revealing. It concerns a popular medicated plaster, and

[Mr. Garson.]

the advertisement is run by a highly reputable and leading manufacturer in this country. This special offer "Boosts your average profit—per—backache to a whopping 48·1 per cent." I should interpose here, Mr. Speaker—

Mr. Fleming: What was the date of that advertisement?

Mr. Garson: These are within the past six months.

Mr. Knowles: What was the date of the backache?

Mr. Garson: No, the date of the advertisement. If my hon. friend is interested at all I can show him the photostatic copy.

Mr. Drew: He wants to find out how much he has lost.

Mr. Garson: I should interpose here that these percentages are percentages of selling price. Translated into retail profit, which the retailer makes upon his own costs, they mean that for handling the cough syrup, the lozenge and the plaster, respectively, the retailer gets for his service a retail profit of 74 per cent, 66½ per cent and 93 per cent respectively. Now, Mr. Speaker, I do not think it is too much to say that there is resale price maintenance at work. That is the kind of competition it engenders in this one particular field. Does the tone of that advertising convince you, sir, that the system should be perpetuated?

Moreover, in most of the cases these figures I have quoted do not include the additional profits which are offered for quantity purchases. Ordinarily a larger volume should make possible smaller individual profits, but under resale price maintenance increasing volume is associated with wider profits; not only wider profits based upon volume, but wider profits on each unit sold.

I think, judging by some of the remarks of the apologists before the committee, the manufacturers concerned here, if I were to name them, could make a very plausible reply. They might be able to argue, as did some of the witnesses before the parliamentary committee—and if I am not mistaken, Mr. Speaker, I think one or two of the members argued to the same effect, although they were not on the government side—that—

Mr. Fulton: Some of them were.

Mr. Garson: No, I think not, by any means. They would reply that the retail price of this particular type of product over the last ten years, in spite of all the rise in the cost of living, the rise in the price of eggs and in the price of beefsteak and so on, had not risen at