

Combines Investigation Act

fancier store fronts, even thicker carpets or ever better display cases and so on.

What does this mean to the customer? It means that he cannot buy the kind of service he most wants or needs. We all know there are different kinds of stores. There is the smart store with its high taxes and overhead; its expensive advertising and expensive interior; its other services and its charge accounts. If it is a really "posh" store it may have glamorous models to display the gowns. I am not speaking from experience, but those who patronize such stores are under no illusion as to who is paying for this kind of service; or if they are when they go in they are disillusioned before they come out.

On the other hand there is the plain cash and carry store which eliminates all these frills, and bases its customer appeal upon the price reductions which the elimination of such things makes possible. In the absence of resale price maintenance, and only in the absence of resale price maintenance and only because we still have trades in Canada in which there is no or relatively little resale price maintenance, the customer can exercise his freedom of choice amongst these different alternatives.

If the customer cannot afford the glittering exteriors or the colourful interiors he goes to the stores which, in lieu of those splendid things, offer him savings in price. For example, one could go into any store in Ottawa of the less colourful kind, one which is for the most part not under resale price maintenance but which makes a policy of offering goods at somewhat lower prices—a shoe store, for example—one finds that the surroundings are not luxurious. They will be quite plain and unattractive. But in that store the customer will be able to buy articles of standard footwear for about 10 per cent less than they can be purchased for in more luxurious surroundings. The *Fair Trade Manual* says that "competition between dealers remains in service, sales promotion, salesmanship and display advertising." The point here is that many people, and especially those whose purse is not too long, who are not in the high income group, who therefore patronize these less expensive stores get all the service and salesmanship they want to pay for. They need shoes, and they need them at the lowest possible cost. They do not need these luxurious surroundings.

When it is in effect, what does resale price maintenance do for a customer of this type? It thrusts upon him competition in these extra services, extra sales promotion and the like, everything he does not need, and denies him the kind of competition he

wants most of all, which is competition in price. What do these extra services, these luxurious surroundings and the like mean to a man who has \$5 in his pocket and wants to buy a pair of shoes which are price maintained at \$5.50 and which cannot be reduced because of price resale maintenance? It simply imposes upon him something he does not want, and denies him the benefit of buying at \$5 that which he would be very glad to get.

I should like to turn for a moment, Mr. Speaker, to the manufacturers' side of the picture. Aside from the fact that resale price maintenance takes competition out of the distributive field, does it really leave, as its supporters say, competition in the manufacturing field? I submit that it does not. This was made quite apparent in the evidence submitted to the joint committee. In the first place, it was clear to all the members of that committee, and I think it will be clear to the members of this house if they stop to reflect upon it for a moment, that once a policy of resale price maintenance gets into operation it cannot, in the nature of things, remain static. Once the practice is established by one manufacturer the trade sees to it that pressure is brought on other manufacturers to follow suit.

I do not want to single out any particular trade, but in the trade that made the strongest representations before the joint committee the members of the committee must have been strongly impressed by the organized efforts that were continuously made to have resale price maintenance extended to articles to which it had not been previously extended; to press for bigger and better margins on articles already within the practice, and to restrict certain borderline products to that trade with its high profit margins rather than have them go upon the grocery shelf with its comparatively small margin.

Now, Mr. Speaker, is anyone naïve enough to assume that it is the manufacturer who absorbs those bigger and better margins? Of course it is not. If he does absorb the high retail margin, then the manufacturer must have been making an excessive profit previously. In either case it is the consumer who pays the shot. What happens is this. As the practice of resale price maintenance is extended to an ever wider area of the field which it covers, the nature of the competition changes entirely. When retailers are competitive among themselves in their prices, that is when there is no resale price maintenance, each of them, by the fact he is severely competitive with his fellow retailer, is under the necessity from time to time of going back