

*Combines Investigation Act*

to examine the position of the independent retailer in relation to resale price maintenance. This is a rather important aspect of the matter because no argument has been raised more frequently or stressed more strongly by supporters of resale price maintenance than that resale price maintenance is necessary to protect the independent merchants against loss-leader selling and other forms of competition. They go on to say that without such protection the small retailer would be driven out of business by the large retailer. Indeed the claim is made that resale price maintenance renders to the consumer an important service by enabling a number of small independents such as the convenient community drug store or the corner grocery store, or perhaps a general store in an inaccessible location in the country where the volume of business is not very great, to stay in business. In addition to that, it is argued—and no person, so far as I know, ever contradicts this argument—that the independent retailer, wherever he is, is always an important element in the social, economic and cultural life of the community which he serves. They say that being such he is entitled to protection against the superior financial powers of the large departmental store, mail order house, chain store and the like.

Well, sir, these are all arguments which are worthy of the most serious consideration, because I am sure every hon. member knows that this country would sustain a grievous loss if the independent retailer should disappear from our community life.

In this connection it seems to me that the critical questions are these: First, whether resale price maintenance does give the independent retailer the protection which is commonly claimed; second, whether without resale price maintenance the independent retailer will really be placed in a more difficult position, which I think is open to considerable question; and third and perhaps the most important, whether the broader implications of uniform price fixing do not possess inherent dangers for all concerned, including the independent retailer himself.

I suggest that there is no convincing evidence, but if I am wrong I hope that those who contend the contrary will produce it—that there is no convincing evidence that the position of the independent retailer has been substantially affected by the absence of resale price maintenance in the past, or that it will be substantially affected by the removal of resale price maintenance at the present time. The growth of large-scale enterprises, whether in the field of manufacturing or distribution, has been an aspect of economic development in most industrial

countries during the present generation; and there is nothing to indicate that, in the case of the retail trade, the growth of big departmental stores, for example, or chain stores, has been different in those countries where resale price maintenance has been firmly established for a lengthy period from those in which the practice is less extensive. An eminent authority, to wit Professor M. T. Copeland of Harvard university, who for a considerable period directed the studies of the graduate school of business administration which were referred to, I presume with approval, in the pharmaceutical and hardware briefs, wrote in the encyclopedia of the social sciences in 1935 as follows:

Similar changes in retail trade have taken place in England despite the measures for control of resale prices adopted in that country, and in the United States the enactment of resale price maintenance legislation would not have given and will not give effective protection to small retailers against types of organizations which have inherent competitive advantages.

So that we are here discussing resale price maintenance as if it had provided a protection which in fact does not exist, and proof of which protection cannot be adduced. If one examines, for example, the available information on the structure of retail trade in Canada, the United States and Great Britain, he will find that, if anything, the independent retailer has the smallest share in Great Britain where resale price maintenance is most strongly entrenched. As compared with almost 73 per cent in Canada and about the same proportion in the United States, it is estimated that the independent retailers have less than two-thirds of the volume in Great Britain, the balance being divided between the chains, the departmental stores and the very powerful co-operative movement, which in part is the product of resale price maintenance.

The fact is that the independent retailer's share of Canadian retail business has been well maintained throughout the whole period from 1930 until 1949. These figures which I am about to submit are not the figment of anyone's imagination. These are the facts as to the position of the independent retailer in this country.

Many hon. members will recall the predictions which were made during the depression of the 1930's that the small retailer, under the fiercely competitive conditions which prevailed then, would be forced out of business by the chains and the departmental stores with their mass purchasing power; and the situation the small merchants then faced, as we all know, was one of the principal reasons for the setting up of the price spreads inquiry at the instance of Hon. Harry Stevens. If there were to be a