

*Combines Investigation Act*

More fundamental by far in our view are the long-run effects of resale price maintenance in discouraging efficiency in distribution and in imposing rigid price policies upon the economy. These are factors, the discouragement of efficiency in distribution and the imposition of a rigid price policy, which defy statistical analysis but nevertheless constitute the heart of the problem of resale price maintenance. Yet Mr. Speaker, there is scattered throughout the literature on resale price maintenance some statistical data, which Professor Fuller said the MacQuarrie committee could have secured, and which he set out in his brief. I am not quoting from his brief, but these are the same figures he used on the relationship of maintained prices and non-maintained prices on identical commodities that will be of interest in any event to evaluate the significance of resale price maintenance. *Fortune* magazine of January, 1949, undertook a summary of the prices of 117 drug products in Washington, D.C., a free trade area; that is, non-price maintained, and in nearby Maryland—if I remember correctly, Baltimore was the city chosen—where resale price maintenance is legal. This study showed that 35 of the 117 cost about one-third less in Washington than in Maryland, 38 about a quarter less and 29 about a seventh less. The same article carried a report of a comparison between prices in free trade Missouri and fair trade Illinois which showed much the same result. Fifty-four fair trade drug items cost an average of 16.2 per cent more under fair trade on the east bank of the Mississippi than under free trade on the St. Louis side.

The report of 1945 of the United States federal trade commission on resale price maintenance concluded that with reference to the grocery trade, where resale price maintenance is not widely practised, the impact of resale price maintenance, following the passage of fair trade laws, upon the general level of grocery prices was small, but that "price increases fell most heavily upon those consumers who from necessity or personal choice patronize minimum service stores." In other words, people who from necessity had to patronize minimum service stores were those who bore the heaviest brunt of the introduction of resale price maintenance. Similarly, in the drug trade the United States federal trade commission found that the burden of price increases fell most heavily upon the patrons of stores selling at lowest prices. Those consumers who were willing to accept less service and to shop in less attractive surroundings in order to achieve some economies in their purchases were, under resale price maintenance, precluded from doing so.

This finding of the United States federal trade commission is echoed in the conclusion of the Canadian royal commission on prices of 1949 in which it was stated that, among other undesirable effects, resale price maintenance:

... deprives the consumer of his right to seek and patronize the most efficient distributors, namely, those who over a period of time can offer goods for sale at prices lower than their competitors.

Finally we have in the case of the entry of Newfoundland into confederation some of the best evidence, a classical example in fact, of the harmful effect on prices of the introduction of the practice of resale price maintenance. Before it entered confederation there was no resale price maintenance in that land. After Newfoundland became a part of Canada, Canadian price maintenance was made applicable there. I am glad indeed that the hon. member for Burin-Burgeo (Mr. Carter), who was one of the government members on the parliamentary committee, intends to speak on this aspect of the matter; I shall therefore refrain from going into detail on it.

These data I have listed establish, I submit, two generalizations which hold true, broadly if not universally, concerning the effects of this practice of resale price maintenance. First, prices are higher than they would be under conditions of free competition; and, second, the poorer or economy-minded purchaser is deprived of the chance and indeed of the right of buying at lower prices in minimum service stores. This, indeed, Mr. Speaker, may seem to many hon. members like proving the obvious; for, as Mr. McGregor, the former commissioner under the Combines Investigation Act, stated in his evidence before the joint committee as reported at page 395 of the proceedings:

As the very purpose of resale price maintenance is to prevent sales below the minimum price established, it is obvious that the effect is to keep prices, right across the board, higher than they would otherwise be.

I should now like to deal with the position of the independent retailer in relation to resale price maintenance.

**Some hon. Members:** It is 6.15.

**Mr. Garson:** This is a fairly big subject upon which I am entering now, Mr. Speaker, so it might be convenient if you would call it 6.15.

At 6.15 p.m. the house took recess.

**AFTER RECESS**

The house resumed at eight o'clock.

**Mr. Garson:** Mr. Speaker, when the house took recess at six o'clock I was just about