was in vogue and which has since been discarded by the tobacco companies for one, and by Gillette's for another, under which the manufacturer merely made a contract with his end dealer by which that dealer became his distributor. It seems to me that we are going backward instead of forward if we wipe out the practice which makes that almost mandatory, if we are to protect the economy of the country.

Mr. Coldwell: How does the consumer benefit under this system?

Mrs. Fairclough: A consumer, as I pointed out the other day, Mr. Speaker, and as I said a few moments ago, benefits because of the fact that when you establish a reasonable retail price the quality of the article which he purchases is assured and protected. I did not read the whole of Mr. Wachtel's article on the consumer and fair trade. I would suggest that hon. members secure that booklet and read it. I feel that the big difficulty in this whole discussion, and in all of the investigations in committee and in this House of Commons, has been that we have proceeded with such speed that we have not had an opportunity adequately to consider the effect of the steps which we are taking.

There is one part of the amendment of the hon. member for Rosetown-Biggar (Mr. Coldwell) with which I am in wholehearted agreement. That is the part in which he says that the bill be not now read a second time. I am in agreement with his whole resolution if what he means by it is the establishment of fair trade practice laws which will protect the distributors and the consumers of this country.

In August, 1951, the chairman of the federal trade commission, James M. Mead, issued a statement following a conference among officials of his commission. They were concerned over the effect on the small retailers of the price wars that had developed in New York and other cities after the supreme court's decision invalidating in interstate commerce the non-signer provisions of state fair trade laws. In part he said:

> While the FTC is "keenly aware of the importance of low prices to consumers," one of the "prime objectives of our competitive system" Mr. Mead said, it is also "keenly aware of the fact that if price discrimination and predatory price-cutting result in the destruction of the small independent businessmen who constitute the backbone of that competitive system, then the consumer will suffer a long-term loss far overshadowing his apparent immediate gain. The effects of such a tragedy would quickly shatter the illusion that the consumer benefits from pricing practices which are in effect unfair."
>
> Mr. Mead also said that the commission is presently investigating whether or not certain large concerns are inducing and receiving "unlawfully discriminatory prices" in the form of discounts, advertising allowances, or other concessions.

As I said a moment ago, we have provision for just such investigation in our own Criminal Code. There is presently under consideration by our neighbour to the south what has been described as a 22-point program on fair trade. I have found it impossible to secure a copy of this program, because I believe it is still in the committee stage there. Quite frankly I do not know whether it is being handled by the federal trade commission or by the department of commerce. I ran into a blank wall when I tried to get a copy of the program. But the very fact that such a program is under consideration at the present time is evident proof that all is not rosy in the field of price maintenance.

The evolution of fair-trade laws in the United States was described in the evidence submitted to the committee in the brief of the retail hardware association. I think it is pertinent to this discussion, and I would like to read a small portion of it because it shows how we progress from one step to another. If we take this step, which was taken in the United States over fifty years ago, we can see what may happen to us in the field of supplementary legislation required to protect the economy.

This brief reads in part as follows:

> It is to be noted that resale price maintenance is an entirely lawful marketing practice under the common law. Only in the United States of America was the practice found to be illegal and there only by virtue of the unique provisions of the Sherman Anti-Trust Act of 1890, under the provisions of which the courts held that neither a patent nor a copyright nor a trade-mark gave a product a proprietory right which the manufacturer could enjoy when his manufactured product had reached the hands of a retailer. An epidemic of "cut-throat" competition in that growing country at the turn of the century produced a demand throughout the entire United States for legislative action to permit resale price maintenance on a vertical basis where branded or trade-marked merchandise was involved as the economists and subsequently the legislators of that country soon found that a highly reputable brand of merchandise, developed often at great expense and with great expenditure of technical skill and scientific experiments, a brand of merchandise which had great consumer acceptance and which was being marketed at a price highly desirable from the viewpoint of the consumer, could be destroyed in a comparatively short period of time by ruthless deep-cutting of prices by certain large scale retail organizations, notably chain and department stores. This price cutting, it was found, developed, first of all, a state of complete chaos in the market for the products, and, at the secondary stage, a point where the consumer's faith in the product has been shattered and in the result, the product disappeared from the market, in many cases, to the great loss of the consuming public. The instance of that well-known product, the Ingersoll watch, was in fact largely instrumental in the aroused demand for fair trade legislation in the United