

census will no doubt give much useful information on the subject of distribution and merchandising services. Retail stores absorb a large portion of the consumer dollar, and the Dominion Bureau of Statistics, through its Merchandising Branch, has given considerable attention to the volume of business in dollars and cents as well as to the amounts of stock carried by stores. I am wondering what use, if any, the MacQuarrie Committee has made of this information in arriving at the conclusions presented in the interim report. This is a source which the joint committee could use to good advantage.

During the post-war period merchandising has undergone many changes. The backlog of demand for durable merchandise created by wartime shortages has now been met. I say, notwithstanding the view held by some of the people, that in certain sections there are no merchandise shortages. It seems to me that one only needs to look at the large advertisements in daily newspapers to see that department stores have on hand vast stocks of goods that they are eager to dispose of, sometimes—and I am glad to see this—at reduced prices. It will be recalled that earlier this year there was a so-called price war for a while between two or three of the large department stores in New York City. Goods which had accumulated on the shelves were thrown on the market, and people were able to buy them at sacrifice prices. At that time there was considerable reference to the practice of resale price maintenance, from which the stores in question were at the moment departing. If I recall correctly, prior to the so-called price war the R. H. Macy Company had been selling 3.3 per cent of the total number of Mixmasters sold on the New York market, but by offering this article to the public at a sacrifice price they were able to build their sales up to 52.6 per cent of the total in that area. That was one of those situations of a kind to which the leader of the opposition referred as having a bad effect on smaller stores, because when this large company increased its sales of the article about twenty times there was not of course so much business available for smaller stores.

**Hon. Mr. Stambaugh:** How about the consumer?

**Hon. Mr. Isnor:** My honourable friend asks, "How about the consumer?" In that particular case the consumer may have benefited for the time being, but, as we all know, the average department store will not continue to sell goods at a loss. We know that if a store, by price cutting, succeeds in cornering the business in a certain article it will soon bring the price back to the old level. I do

not think that that price cutting will be of any benefit to the consumer in the long run.

As I was saying, the backlog of demand for durable merchandise has been met, and shelves are now stocked with large quantities of such merchandise. In fact, I think it can safely be said that big department stores as well as other retail stores have never carried such large inventories as at present. I remember reading a few days ago a newspaper article saying that stocks on hand were far greater this year than in any former year.

Canadians spent almost \$8 billion in retail stores in 1949, the last year for which I have the record, and this was the eleventh consecutive year in which retail trade moved upward. About one-sixth of all Canadian expenditures on goods is made in food stores. The total estimated sales in food stores were \$1,270 million, of which \$300 million were spent in chain stores, which are recognized as an important medium of distribution in the food trade in Canada. Department stores are also large scale distribution organizations, and I think it is safe to say that only a small percentage of the popular lines carried by these stores are sold at maintained prices. The MacQuarrie Committee apparently were not very definite in their opinion on this matter, but I think they finally came to the conclusion that about 12 to 15 per cent of the sales by department stores come under this classification. I made an independent inquiry on more than one occasion with respect to this matter, and I venture the opinion that the articles of this class would not exceed 10 per cent of the total volume of sales.

**Hon. Mr. Howden:** Do fixed prices eliminate competition?

**Hon. Mr. Isnor:** I had intended to come to that point later, but I shall answer the question now. It is a fallacy to say that price fixing eliminates competition. One finds that competition between ten stores carrying goods at fixed prices is as keen as the competition between a similar number of stores selling unbranded articles with no fixed resale price. Does that answer the question?

**Hon. Mr. Howden:** I do not believe it does.

**Hon. Mr. Isnor:** It is my opinion that the competition among any ten retail stores which are selling under a resale policy is just as keen as competition among a similar number of stores which are not.

I return to the subject of chain stores, and by that I mean four or more stores operated under the same ownership, exclusive of department stores. These were represented by 6,800 chain store units, and constituted 18 per cent of all the retail trade in Canada.