

MINUTES OF EVIDENCE

THE SENATE

WEDNESDAY, December 17, 1947.

The Standing Committee on Canadian Trade Relations resumed this day at 10.30 a.m.

Hon. Mr. EULER in the Chair.

The CHAIRMAN: Gentlemen, we now have a quorum. Please come to order. Mr. Deutsch gave a complete statement yesterday on the information he has to offer; however, he tells me that he did not say all he could have said. Unless there are further questions the committee members wish to ask him, we will now let him retire and call on Mr. McKinnon. First, are there any further questions to be asked Mr. Deutsch? If there are, will you please ask them now.

Hon. Mr. KINLEY: Mr. Chairman, one question which occurred to me yesterday was that of non-discrimination. I believe Mr. Deutsch conveyed the opinion that if two countries were offering a product for sale, and they were in the agreement, that the lower price had to be accepted; in other words, a country had to give an order on a tender, as it were, to the lowest bidder. It seems to me that is going farther than free enterprise has ever gone, in the way of binding anyone to buy at the place where the price is the only controlling factor. I could not find that the charter went that far. Perhaps Mr. Deutsch a little later might tell us how definite he can be on that point.

The CHAIRMAN: Would you answer that question now, Mr. Deutsch?

Mr. DEUTSCH: Mr. Senator, I did not intend to convey the impression that the charter required a country to sell to the lowest bidder, taking only the price into consideration.

Hon. Mr. KINLEY: I think you said, Mr. Deutsch, taking the price as a major factor.

Mr. DEUTSCH: If I did leave that impression, I did not intend to do so, and I am incorrect. What I meant, Mr. Senator, was taking everything into account, of which price is one of the factors; in other words, it is a proposition of taking into account the price, terms, length of period over which the sale is transacted, quality and all those things. If a government is making a sale through a state trading organization, it is required to act in the same way that a private seller would act, taking into account the question of price, terms of sale, quality and all those relevant things; in other words, they are commercial considerations which include more than the price, but of which the question of price is one of the factors.

Hon. Mr. KINLEY: Who is the judge of that?

Mr. DEUTSCH: In the first instance of course the parties to the agreement, to the sale, are the judges; but if a state trading transaction is made and some other member country feels that transaction was not made on commercial considerations, that country may then complain and ask for an investigation of the transaction. If that complaint is sustained, it has certain remedies.

Hon. Mr. KINLEY: I have just one more question, Mr. Chairman. How much will this general agreement cramp our style if we desire to make a bilateral agreement with the United States?

Mr. DEUTSCH: You mean by that a tariff agreement?