

Senator Cook: I think we are prepared to learn from anybody.

Mr. Bruce: I think it is generally recognized that in the anti-trust field the United States is as tough as you will find anywhere, but the one area that Robinson, Patman and everyone else has left alone is the right of the individual trader to choose his customers. Whether that is by good management or good luck I do not know, but it obviously creates quite a problem for a government to make what is essentially a business decision.

Mr. Hemens: Let me add only this to it. We are talking about a television set situation. The order, however it is directed, can be directed only against Canadian manufacturers; it cannot be directed against the competitors of Canadian manufacturers—and somehow I think that has to be wrong.

Mr. McPherson: May I add that again, in our particular industry . . .

Senator Connolly: Your own industry, the furniture industry?

Mr. McPherson: . . . the furniture industry, there is an increasing trend, especially in stores. There are two areas which surveys look to for future expansion in sales in the industry: one is the warehouse type of operation, such as Leon's; and the other is the specialty store which is the direct opposite, the store which is trading on design and better service, better quality and so on. The specialty store requires exclusive merchandise or semi-exclusive merchandise, as opposed to the department store. It is a dealer who shops for it; it is not the manufacturer who goes out and sells; it is the dealer who shops the markets. If he cannot get this merchandise in Canada, say, because it would not be able to get in under the legislation, then he would go and get it from the United States; he would get it from outside our borders. So we would anticipate a really tremendous increase in imports in the type of furniture which is in increasing demand. I have just referred to a warehouse type of operation like Leon's. Last year they brought in 20 per cent of their furniture from the United States and at their annual meeting the other day they predicted that 40 per cent would be coming in in 1974. This would be merchandise that they would take full mark-up on, because it would be exclusive. That would be at the expense of the rest of the merchandise, which would be Canadian, and that is where they would drop the price.

Senator Laing: What is the tariff on furniture?

Mr. McPherson: 15 per cent.

Senator Heath: Mr. Chairman, I wonder if this is a disturbing illustration of part of the bill. I wonder also if this is an example—you can tell me if I am following you correctly—of where this may do absolutely the opposite to what the intention of the bill is, apparently. In the case of a small manufacturer who has a limited capacity to produce and has an excellent product, if he is forced to make his distribution through a large group which has a wide vertical organization, and if this particular organization wants to buy up the small manufacturer's organization, this could, I think, from what you are saying, mean that the large distributor would take over the small man's production, pack it away in a warehouse and subsequently really drive him off the market, because he would

not then be able to distribute his specialized, albeit expensive, rather haphazard but particularly in demand type of product where it is available.

This has happened already, and it seems to me that this bill we are dealing with now is going to make this even more difficult for a small manufacturer with an excellent product to market independently and improve and expand. Am I wrong in this?

Mr. Bruce: I think you have touched a very dramatic example and I would be cautious to say that things happen exactly like that. That is the kind of concern that we have, I think, that this emphasis on price competition encourages people who are only interested in making money, in putting bucks away and using their particular financial ability to do that.

Senator Heath: It is rather disturbing.

Mr. McPherson: A few years ago, price was the main area of competition. It was not unusual a few years ago for a dealer to think that if he sold a product it did not matter whether it was good or whether it was bad; the main idea was to make the sale. He was not thinking particularly of the customer and he might even put it over the customer. That was a few years ago, whereas today that type of dealer has no future. He is struggling today and any survey would show that the articles that are shown in the discount stores are fighting for survival. The people are going more towards places where they can get assurance and they are not price conscious. This is where we really question what is the greater percentage. Is the act going to favour the greater percentage of the consumer, or is it going to act in disfavour of the consumer? It certainly seems he is going to suffer.

Senator Laing: What percentage of the furniture sales are credit sales?

Mr. McPherson: I am afraid that is a question I could not answer.

Senator Laing: Would it be over 90 per cent?

Mr. McPherson: I would not think so. I would just be taking a guess, but I would not think it is that high.

Senator Macnaughton: Mr. Chairman, am I right in assuming that "a product" would cover such general commodities as copper, steel and aluminum, which could very easily be in short supply and with respect to which one company might be an integrated company involving the whole process, from the mineral right up? Is there not some idea behind this legislation that with respect to Canadian producers of commodities which are needed, the manufacturer should not be in a position to say, "We will favour this one as opposed to that one"?

Mr. Hemens: This applies, senator, only if the product is in ample supply under section 31.2(c).

The Chairman: That is one of the elements.

It seems to me that we have run over the items which you have raised in your brief in relation to Part IV.1 of this bill dealing with matters which are reviewable by the commission, except that you