

CHAPTER II

THE DEBATE ABOUT ANTI-DUMPING AND COMPETITION POLICY

That there is a policy interface (to use a word of modern jargon) between competition policy and trade policy was recognized, in fairly explicit terms, by a number of academic and official commentators on trade policy in the final quarter of the last century, when the instruments of modern trade policy, aside from the tariff, were being developed. At the heart of the discussion, in the period up to and including the publication, in 1923, of the classic study by Jacob Viner,¹ was the issue of predation in dumping: whether it existed on a significant scale and whether it warranted the creation of a legislated remedy. The extensive bibliography included in Viner's study, and the further list of sources in his article for the Encyclopedia of the Social Sciences, are evidence of the very extensive debate in both Europe (including Great Britain) and in North America which seems to have begun in the 1800s and become fairly intense by the mid-1890s. It engaged the attention of a number of major economists — Alfred Marshall, A.C. Pigou, F.W. Taussig, and was the subject of, or was touched on substantially, in a number of official reports.

Predation

It is apparent from this early discussion that it was fairly generally assumed that there was at least an element of predation in any case of extended dumping, that predation was the major factor in many cases of dumping, and that this predation required a remedy other than a general increase in tariff rates. It was predation alone, and only predation, that justified the enactment of a provision for the application of a special remedy. To take an early, and most important example: the enactment of the first Canadian anti-dumping provisions, in 1904. That legislation turned on the issue of predatory dumping. In introducing the proposal, in his Budget Speech, the Canadian Minister of Finance, W.S. Fielding, stated:

. . . the trust or combine, having obtained command and control of its own market and finding that it will have a surplus of goods, sets out to obtain command of a neighbouring market, and for the purpose of obtaining control . . . will put aside all reasonable considerations with regard to the cost or fair price of the goods. . . .

and later:

If these trusts and combines in the high tariff countries would come under obligations . . . to supply us with these goods at the lowest prices for the next fifty years, it would probably be the part of