

*The Budget—Mr. Croll*

would be satisfied with a system under which trade and industry were permitted the privilege of setting prices upon their own views as to what was best for the public. It seems to me that the public would have little confidence in such a system. They would soon demand that if prices were to be fixed by other than the free market they should be fixed by some government body upon which the consumer would have representation.

Are we to assume that business, big or little, welcomes consumer participation in price fixing? I doubt that very much.

Mr. Justice Schroeder, in delivering his reasons for judgment in the recent rubber case, gave a broad hint of what would be involved if the courts undertook to examine the "reasonableness" of prices, instead of restricting themselves to the question of the elimination of competition which is detrimental to the public. Mr. Justice Schroeder pointed out that if he were to discuss prices from this standpoint, and now I quote:

... there should be satisfactory information as to the capital structure of the company and accurate information as to executive salaries, extraordinary expenses, advertising costs and like matters.

I think it is quite obvious that if the courts were to take the responsibility for saying that prices were reasonable, the courts would also have to take the responsibility of saying that executive salaries, dividends, reserves, expenditures including the very much cherished expense accounts, and so forth, were not unreasonable.

Would the opponents of the combines legislation really prefer this to a free enterprise system? It may serve their purpose in argument to call free enterprise "the law of the jungle", as the president of the Canadian Pulp and Paper Association did recently; but are they prepared to exchange free enterprise for unfree enterprise? I am sure they are not, and I find it difficult to understand what these persons who wish combines to be tolerated expect to gain, and particularly is it hard to understand what they expect to gain as against what they would throw away. They say they are not looking for the privilege of raising or fixing prices. They are only asking for the privilege of making some moderate rules on the stabilization of trade. Yet other industries have been able to carry on successfully on the basis of purely competitive practice and without any attempts at collusion. The persons to whom I have referred have never demonstrated why, in their particular industries, this cannot be done in the same manner. Are we to assume that, for this extremely doubtful privilege, they are willing to throw away the rule of law,

whereby parliament lays down prohibitions against certain types of bad business behaviour in favour of a system that would, of necessity, involve a far-reaching interference of government in their businesses?

Despite vigorous denials, it cannot be too strongly emphasized that an invitation to pass upon the reasonableness of prices is an invitation to regulate. The opponents of the present legislation vigorously deny this and say that all they ask is the privilege of fixing by agreement certain conditions of trade, so long as they exercise that privilege in a moderate and reasonable fashion. How is the public going to be informed as to the moderation or the reasonableness of manufacturers or distributors on whose councils it has no representation? The public surely are not so gullible. They would demand and would be entitled to a measure of government regulation which could not and should not be denied to them.

The public have had their eyes opened recently. Their confidence in certain business leaders must have been severely shaken by the results of the rubber investigation and the electrical wire and cable investigation. It would seem to me that they would be much more reassured if men in the position of the president of the Canadian Manufacturers Association and others were to advise the members of the association that the Combines Investigation Act and related sections of the Criminal Code are the law of the land and are to be obeyed and that infringements of them are not merely technical offences.

It seems to me that men in the position of Mr. Ferguson are doing no service either to the public or to the people for whom they pretend to speak when they attempt to whitewash such offences and to lead the persons concerned to believe that they are being dealt with unjustly and that it may be only a matter of time until the legislation is changed. I am firmly of the view that Mr. Ferguson's and Mr. Fowler's associates should condition themselves for a long life with this act and its rigid enforcement.

Like many others, I am amazed at what has happened in the economic development of Canada during my lifetime. We have come a long, long way from the predominantly agrarian economy of fifty years ago. It is as though Canada had been almost standing still since the days of Cartier and Champlain and then, suddenly, in little more than half a century, had blossomed into a great industrial nation, second to none in productivity and prosperity. There is no magic formula for our growth. It was accomplished by the union of two great forces: hard work and