

*Private Members' Business*

Mr. Speaker, you do not have to take my word for this. I am sure that most Canadians who have shopped in the United States and shopped in Canada have some knowledge of the two countries and can cite similar examples of extraordinary differences in price. But we do not have to go to common experience. Recently, the Department of Industry, Science and Technology did what was billed as a small study. It is called a preliminary study of the competitiveness of distribution channels in Canada. This work was done by Ernst and Young. It is intended that a more expanded analysis be done, but their findings were very interesting.

First of all, they looked at electronic equipment. The interesting thing about electronic equipment that they found was that the prices were comparable within 15 per cent or so between the prices that one paid for audio equipment, video equipment, television sets and so on between Canada and the United States. In other words, those things were only about 15 per cent higher in Canada. That small difference represented such factors as taxes, transportation and the like. But only about a 15 per cent difference resulted from that.

• (1910)

Of course all of these things are important. For some things which have just one step in distribution in Canada, if one looks around one can probably get just as good a deal in most places in Canada as one can get in the United States. However, it is interesting to take a look at bedding and linen, along with other kinds of textile products, which are to a very large extent manufactured right here. What one finds is that the price differences for those kinds of goods, that is bedding and linen, between Canada and the United States is in the range of 200 per cent.

We heard some discussions about the loss of jobs in the textile industry and wages pricing workers out of the market, and so on and so on. That 200 per cent difference between the American product and the Canadian product has bloody little to do with wages. In fact, it has to do with two things. They are: a more complicated distribution system in Canada and higher mark-ups at each stage which result in Canadians paying 200 per cent more for a product in Canada than in the United States.

In the case of those products just one additional level of distribution with mark-ups ranging between 50 and 100 per cent is what hits Canadian consumers in the pocket-book and has them getting on the Ambassador

Bridge or going through the Detroit-Windsor tunnel to buy linens and table-cloths and so on.

If one looks at women's apparel one finds that there is anywhere from a 40 per cent to a 100 per cent difference. In some respects, this is determined by whether that clothing is imported, whether it is name brand, or what. However the same things apply: additional levels of distribution and handling and higher mark-ups.

The Windsor Chamber of Commerce, although it is as concerned as any other group of businessmen and businesswomen about the usual targets of business—high wages and so on—and the big tax grab by government, said: "Look, there are some things that we can do ourselves as business people; some of it requires government action but some of it is in our bailiwick". What it concluded is that business is to some degree getting the business from business. Some businesses are making other ordinary businesses face really tough market conditions because they are too greedy at some stages. It is just that simple.

It is also true that in some instances the final line retailer is too greedy. There is a tendency in Canada to take big profits and keep the market relatively small through those big profits; whereas in the United States there is great deal more emphasis on rapid turnover at a small mark-up, a small profit. You see that in Pace, in the outlet stores and so on in the United States.

The Chamber of Commerce came up with the very interesting observation that under Canadian law and under the free trade agreement some of this could be dealt with.

We know that in some instances the manufacturers in the United States have a separate and distinct distribution system in Canada from the distribution in the United States. It is not uncommon to find that those special distribution establishments in Canada have much higher mark-ups and often represent that additional stage I was talking about.

The Chamber of Commerce in Windsor noted that under Canadian law, under section 75 of the Competition Act, as well as under section 102 of the free trade agreement, it could be argued that in areas where cross-border shopping is frequent there exists or should exist a single market. After all the purpose of the free trade agreement was supposedly to establish a single market. Why should Canadian retailers be expected to