

The second point is with respect to package buying. In other words, if a dealer wants to carry an exclusive item that is in real demand, he must also buy other lines that are manufactured by that manufacturer which may not be that much in demand. I know of many cases of this kind where, in fact, the dealer is not allowed just to buy the exclusive line, but rather he must buy a range. Could you comment on that insofar as this proposed legislation is concerned?

Mr. Hemens: Perhaps I could comment first, senator, followed by Mr. McPherson. On your first question, retail price maintenance is illegal. Refusal to deal, tied in with that illegality, in our opinion, might be prohibitable.

As to the second point you raised, I think you chose a very difficult concept, with respect. There are many other aspects of that concept. For example, in an industry which I know reasonably well, that being textile fibres, we, as a major manufacturer, are forced to manufacture, in order to supply our customers properly, a full line, including short runs of special materials. Those short runs of special materials are costly, and we can supply them effectively only to someone who will buy our ordinary material. What you are suggesting, senator, has already happened in our industry. For example, a distributor will purchase the long-run material on an import basis and come to us for the short-run materials, which, as I say, are much more costly. Under those circumstances, why should we be forced to supply that distributor when he is not supporting the major part of our industry? I can assure you that, that has happened in our industry.

Mr. McPherson: We are not confronted with the same problem in our particular industry, either at the dealer level or the retail level. Generally, we sell products in a given price range. The manufacturer, depending on the equipment he has in his factory, manufactures low end furniture, high quality furniture or medium quality furniture. I do not think we really get into what you are referring to, senator.

Just before I go on, Mr. Hemens referred to small companies and the fact that the minister has said that this legislation is in favour of small companies and the consumer, and that most of the criticism to date has been from large companies. I think he said that the source of the criticism should be looked at with a degree of skepticism. In my view, the reason that small companies have not come here to complain, strange as it may seem, is because they are just not aware of this legislation. I say that most forcefully, because in the last three weeks I have spoken to a number of companies, both dealers and manufacturers, in our trade, and I would not say that there is one per cent that are aware of this legislation. When a dealer asks me what this legislation is all about and I tell him that the design or designs that he carries exclusively on his street may be available to so-and-so down the street, he just about has a conniption.

Senator Macnaughton: Mr. Chairman, could I interject a question at this point?

The Chairman: Yes.

Senator Macnaughton: How many years has your particular firm been in business?

Mr. McPherson: It was established in 1835, but there was a period in the late 1930s when the firm changed hands.

Senator Macnaughton: How many employees have you?

Mr. McPherson: We have 107. If you are asking questions about our particular firm, we could be typical of others, not only in our own industry but in other industries. We happen to be in the situation where we are a limited supplier; we cannot produce enough at this time. I think there is good reason to believe that we may be in that position for some time. It is also possibly interesting to note why. We are known as a high quality firm; our designs seem to be attractive to today's clientele. I think this again is an indication that people do want something better, an upgrading. However, we feel we are the type of company that should be encouraged to expand and export. Under this legislation, if we had to sell other than to dealers that we feel can sell our product—and we do not pick them but it is the dealers that come around, they can choose to turn us down—I think our future would be very, very questionable.

Senator Macnaughton: Are you one of the chief employers of labour in your area?

Mr. McPherson: Yes. That is pretty well the situation in the furniture industry; it is mostly in small towns throughout the country.

Mr. Bruce: I was going to try to respond to Senator Buckwold's second question. I think this question of tied sales is important. At one end of the spectrum, I do not think I would disagree that if you want bananas you ought not to have to buy peanuts too. The question is, if you want one grade of bananas, perhaps you ought to be prepared to buy both grades. In our industry this would show up in the white goods business. While the act provides for a technological link, you cannot really argue that a refrigerator and a range are technologically the same, yet these products have been traditionally sold together; they are made in the same factory, using the same people, skills and so on. We think that in the long run it would be more costly and not as satisfactory if a purchaser could come in and say, "I am just going to take your range, but I am going somewhere else for my refrigerator, and somewhere else for my dishwasher." It would create turmoil. Of course, the minister advocates turmoil in the markets. The theory is that this is a good thing, because it goes back to this price competition. That is why I think on the question of tied sales some kind of defence or exemption is the answer. Obviously, one should not be able to fob off shoddy goods, because you happen to have one desirable line. I think that is wrong.

Mr. Snelgrove: I would like to expand on one remark concerning the effect on the smaller businessmen, particularly at the retail level, as it relates to the refusal-to-deal section. If our interpretations are right—and we think they are—as to the impact of the refusal-to-deal section, the adverse impact on the retailer who is an established franchisee, who has made a substantial investment in his premises, his service shop, employees, inventory and so on, if he has to compete with anyone who merely has a price to pay to the supplier