

vires. Then he told us that in the legislation that has been brought down we have gone as far as we can go under the constitution. He says we must proceed in a constitutional manner. If this legislation really amounts to nothing more than a trifling amendment of a few existing statutes, if that is all the government can do, and the Prime Minister knew that was all, why did he appoint this commission at such great cost to the country? This commission has cost this country hundreds of thousands of dollars; is no good to come from it? I agree entirely with what the ex-Minister of Trade and Commerce (Mr. Stevens) said with reference to this anaemic legislation. He was one of the leading lights of that commission, and he refers to these measures as anaemic legislation.

Speaking in connection with this bill the other day the hon. member for East Kootenay (Mr. Stevens) mentioned the tragic conditions that have grown up among us and that are challenging our attention. In any speech he has made the hon. member has never put the blame for those conditions just where, in my opinion, it belongs. In speaking along these lines some years ago I said, and I repeat to-day, that the effect of the tariff on our external trade has been largely responsible for the conditions that have arisen in this country. We hear a great deal to-day about over-production as one of the main causes of our present distressing conditions. Since we have heard and read some of the findings of this commission those of us who have little faith in the value of tariffs for the purpose of protecting industry are more than ever convinced that Canada has gone entirely too far in the matter of tariff protection to industry. After all, though that protection may be of assistance to some ten or fifteen per cent of the people of the country it is detrimental to the other eighty-five or ninety per cent, and for that reason I have no faith in the efficacy of tariffs to bring relief from the situation that now exists. We have further evidence of that in the fact that in the last few years we have had the highest tariffs ever known in this country, but during the same time we have had the most distressing conditions we have ever known. Let me repeat, then, that I am convinced that high tariffs, with their inevitable effect upon external trade, are responsible in large measure for our present troubles.

I agree entirely with what the hon. member for East Kootenay said yesterday, that the small business man must have a chance. We realize that in the last few years he has not had a chance, but what greater chance will he have under the legislation that has been

[Mr. R. McKenzie.]

brought down? It amounts to very little. The main criticism I have in connection with the commission that sat for so long and that brought in a very voluminous report is that they went entirely too far afield in their investigations. They should have been satisfied to take a few conditions that were known to exist and investigate them thoroughly. If that had been done I believe they could have found some means of alleviating some of those difficulties. I contend that the dissenting report of the hon. member for Weyburn (Mr. Young) strikes at the root of the problem, not only when it deals with the effects of the tariff but also when it speaks of competition. In their report the commission deal quite extensively with the question of competition in business, and I should like to refer to one or two of their findings in order to show whether or not the lack of competition has been a real factor in bringing about the present situation. At page 61 of that report, dealing with the agricultural implement industry, they say:

The domination of the four large companies in this industry also affords an example of the existence of what has been referred to as imperfect competition. Of the four large companies, one, International Harvester Company of Canada, Limited, is a wholly-owned subsidiary of the largest American organization in this industry, and its policy is therefore determined by the management of that organization. Massey-Harris Company, Limited, and Cockshutt Plow Company, Limited, the shares of which are both widely distributed, may also be said to be management-controlled. The fourth company, Frost and Wood Company, Limited, has for many years been virtually, and now is actually, a subsidiary of Cockshutt Plow Company, Limited. We therefore have a situation where the managements of three large companies dominate the industry in Canada. As a result of this situation competition between them is "imperfect," rather than "simple." This is shown, even in the absence of direct agreement or affiliation, by the maintenance over a long period of years of substantial similarity in prices and practices. Due to the dominant position occupied by these companies for many years and the policies which they have adopted, no cut-throat competition has occurred in this industry either before or since the depression. We have seen in other industries how competition of that nature can lead to abuses and unethical practices, and, while this industry and its employees may in this respect have been more fortunate than some others, it is probable that absence of simple competition has resulted in higher prices to farmers than would otherwise have obtained.

There is another reference to competition in another industry, from which I should like to read a short paragraph. At page 81, dealing with the textile industry, the commission say:

One evidence of the imperfect character of the competition within this group is the fact