

THE SENATE

Saturday, December 29, 1951

The Senate met at 11 a.m., the Speaker in the Chair.

Prayers and routine proceedings.

COMBINES INVESTIGATION BILL

FIRST READING

A message was received from the House of Commons with Bill 36, an Act to amend The Combines Investigation Act.

The bill was read the first time.

SECOND READING

Hon. Wishart McL. Robertson moved the second reading of the bill.

He said: Honourable senators, for a considerable time now the question of the cost of living and the price level has been uppermost in the minds of the public of Canada.

During the period of the war a system of price controls and subsidies kept the cost of living down to a relatively low level, which in itself was a subject of constant comment as it presented such a marked contrast to the level during World War I. In the period since the termination of hostilities, and accompanying the gradual removal of price controls and subsidies, the steadily increasing cost of living index has also been the subject of public comment and concern. There was a difference of opinion at the time as to how rapidly wartime controls should be removed, but there was general agreement that the best way to control prices was through the agency of competition, under our system of private competitive enterprise.

In September 1945 the cost of living index stood at approximately 120. By September 1, 1946 it had increased to 126; by September 1947, to 139, and by September 1948, to 159. It is now about 190. Up to the moment, at least, it must be admitted that private competitive enterprise has not accomplished much in retarding the rise in the cost of living.

It was inevitable that this steady increase in the cost of living, as contrasted with the cost of living during the war, should be the subject of great concern throughout the country. This was reflected in parliament, and on February 10, 1948, the House of Commons by resolution set up a select committee to inquire into the question of the cost of living. On June 28 of that year the

House of Commons concurred in the committee's report that a Royal Commission be appointed, under the Inquiries Act, to continue the work initiated by the committee. On July 8 the Royal Commission on Prices—the Curtis Commission—was appointed, and on March 18, 1949, the commission issued its report, which was published in three volumes and was most comprehensive in nature.

The commission conducted a most extensive inquiry into all phases of the question and into the reasons for the increase in the cost of living and the price index, both domestic and international. There were 77 public hearings, and 179 witnesses were heard. The conclusions of the commission covered a wide range of subjects, and included special reference to the subject-matter of the bill now before us.

On page 41 of Volume 1 of the report of the Royal Commission on Prices there was the following specific recommendation:

Resale price maintenance. Throughout our inquiry we have been impressed by the degree to which individual manufacturers fix the resale prices of their products, and so narrow the area in which price competition amongst wholesalers and retailers is operative.

In view of the extension of this practice we recommend that the Combines Investigation Commission give careful study to this problem with a view to devising measures to deal with it.

On the last page of Volume II, under the heading "Summary Conclusions" the commission said, in part:

On the question of resale price maintenance a recommendation appears in Volume I. We conclude that the advantages to the public claimed for this practice are greatly outweighed by the disadvantages. Resale price maintenance, like other forms of restrictive practices, does offer what appears to the manufacturer and distributor, a happy relief from the unending struggle against the harsh correctives of the free market system. But the solution, we think, is illusory.

It not only vitiates the spirit of enterprise by which all commercial and industrial life is nourished; it deprives the consumer of his right to seek out and patronize the more efficient distributors, namely, those who over a period of time can offer goods for sale at prices lower than their competitors.

At page 28, Volume I, of the report of the Royal Commission on Prices reference was also made to the question of external competition, as follows:

Where Canadian industries have only a few producers and where alternative sources of domestic supply are therefore limited, there exists a considerable danger that the free entry of new businesses into the field will also be limited. Under such circumstances, a policy of selling only to recognized customers can have a limiting effect. In view of this we would favour the extension of the principle of lifting dumping duties or reducing the customs tariff where domestic suppliers do not treat