

*Competition Bill*

The hon. member for Toronto-Lakeshore dismissed this provision in about ten or eleven lines most of which dealt with his experience on the food prices committee. In my opinion, this is cavalier treatment of a provision which could have profound effect on businesses and consumers alike. What I shall seek to find out in the committee is where this and other provisions of the bill relate to the bill's purpose. The bill's purpose, as set forth on page 1 of the book, "Proposals for a new competition policy for Canada", reads as follows:

The purpose of the Combines Investigation Act is to assist in maintaining effective competition as a prime stimulus to the achievement of maximum production, distribution and employment in a mixed system of public and private enterprise. To this end, the legislation seeks to eliminate certain practices in restraint of trade, and to overcome the bad effects of concentration, that tend to prevent the economic resources of Canada from being used most effectively to the advantage of all. The Act also contains provisions against misleading advertising, which were introduced in 1960 and 1969, to utilize the investigative capacity of the act for the protection of the consumer.

What I and my colleagues wish to determine in committee, and possibly in this debate, is the relationship between this stated purpose and the effect of the failure to supply provisions. For example, there are those who seem knowledgeable in this field who suggest that refusal to sell may result in more vertical integration, and I was interested by what the hon. member for Waterloo-Cambridge (Mr. Saltsman) had to say about it. I should like to quote again from Professor Thompson's article in the *Globe and Mail* as follows:

From the manufacturers point of view, taking away the right to refuse to sell would have a huge impact on existing marketing systems of distribution. There would be pressure for manufacturers and retailers to expand into "non-resold" private brands, those distributed through vertical ownership systems. This might even serve to increase vertical ownership integration in marketing channels.

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This refusal to supply provision, ostensibly for the protection of small business, may therefore have the very opposite effect. I invite hon. friends to my left in the NDP, who from time to time are inclined to indicate some concern for small business, to consider this in committee. Remember, Mr. Speaker, the small businessman is totally dependent on brand name merchandise. If there is evidence that this legislation encourages non-branded products, let us hear that evidence. If there is evidence that this bill will encourage vertical integration, let us all be aware of it, because small business has no greater enemy or more serious threat than the vertical integrator, unless it be the government itself from time to time.

It is said that the refusal to supply provision will encourage potential discounters. Professor Thompson is of this opinion. He says in his article in the *Globe and Mail*:

One result of this tacit resale price maintenance is that many potential discounters, who depend on brand name hard goods for their customer attracting power, are unable to obtain goods from suppliers who refuse to deal. Thus no city in Canada has developed discount retailing to anything like the extent it is practiced in a number of large U.S. cities. Toronto comes closest to having widespread discounting, followed by Montreal and Vancouver. But Halifax, Quebec City, Winnipeg and Edmonton have little or no brand name hard goods discounting, largely because of the refusal of manufacturers to sell to discounters in these centres.

Let us assume, for the sake of argument, that Professor Thompson is right. What I do not know, and what I hope

to find out, is the value of these discounters, and whether the consumer does get a better deal for his dollar. I have seen some of these so-called discount operations in the United States, and I tend to agree that many of these operators do discount with respect to 5 per cent of their goods, but the other 95 per cent is sure no bargain and certainly no discount. Their success in the United States is not so much attributable to legislation comparable to Bill C-7, because refusal to deal is not part of U.S. anti-trust laws so far as I am aware. The success of discounters in the U.S. occurred in the marketplace because many old-established retailers got out of date and did not keep pace with modern merchandising methods. Therefore, I want to know more about these operations of discounters and whether they improve the lot of the consumer or not. The refusal to deal prohibition may have tremendous impact on the distribution business in Canada. What has been ignored is the simple fact that the distribution business is composed of small business, not big business.

The minister claims to be concerned about small business and holds this legislation forth as protection to and encouragement for small business. What I do not understand is whether the minister suggests that the refusal to supply provision will assist those in, or those wishing to enter, the distribution business. It seems to me that the very opposite could be true. It seems very possible that big businesses, many of whom to date have used distributors, may be encouraged by this legislation to perform this function themselves. I suggest to the minister another side effect. If the distribution industry is threatened and reduced in any substantial number, what effect will this have on the small manufacturer who is totally reliant on independent distributors for the marketing of his products? These, then, are to me serious questions, and bland assurances from the minister do not answer them.

The minister seems to be saying, in the refusal to supply provisions in this legislation, "Trust us. Big Brother won't mess things up." I say to him in reply, "Don't tell us what you won't do; tell us what you will do. give us some examples of refusal to supply problems and what you would do to correct them." The minister says that the refusal to supply provision was included because of complaints received mainly from small business. I would like to hear some of these complaints and I would like to hear what Bill C-7 will do to correct the situation.

What also concerns me about the bill's refusal to supply provisions is that the minister, although he claims this to be for the protection of small business and resulting from the complaints of small business, wants in the bill to take two bites at the apple. Refusal to deal is dealt with first in part IV under the heading "Matters reviewable by the commission." These are the amendments in proposed section 31.2. Therefore, alleged infractions are subject to review by the RTPC. But later in the bill, under the heading "Offences in relation to competition", the minister takes another bite. I refer to proposed section 38(6) which reads as follows:

No person shall, by threat, promise or any like means, attempt to induce a supplier, whether within or without Canada, as a condition of his doing business with the supplier, to refuse to supply a product to a particular person or class of persons.