

Combines Investigation Act

cutting—the committee expressed itself as not convinced that the reputation of branded goods suffered greatly from normal price variation.

During the last month or so, and particularly after the committee sat on this matter, we have heard inside this house and out of it, before the committee and outside of it, many of these arguments I have mentioned and others besides. I must say that some of them seem to me to range pretty far afield, and not all seem to be completely relevant or entirely helpful to a consideration of this subject. But having regard to the fact that, since we decided to accede to the request of those concerned to send the bill to a committee, the only way in which the bill could be got out of the committee in order to be passed at this session of the house was by our not hearing those who were in favour of the bill but only those who were opposed to it—

Mr. Fleming: And only some of them.

Mr. Garson: And all of them that were not repetitive. The steering committee analysed the briefs presented, and the committee heard from all opponents of the bill all arguments which were not mere repetition. In view of that fact this issue comes before the house today in the position that a very great deal has been said over quite a long period of time against the legislation. Many such arguments have been developed, and this is really the first opportunity we have had to develop any arguments in favour of the legislation. That being the case, I should like today to deal with the arguments which have been raised against it. I will try to take them up one by one and show, if I can, that they are fallacious.

This of course is not a simple subject, and it would be a great mistake to deal with it as such. I think we must all concede that there are many aspects which require particular consideration.

Nevertheless it seems to me that the crux of the matter can be stated with some clarity and brevity. The Canadian way of life has always proceeded upon the majority view—I know there are some of our friends in the house who may not agree with this—that free enterprise spurred by competition is the system that will produce the most abundant returns for the greatest number of people. There are, even under a system of free enterprise, it is true, such things as public utilities where free enterprise has had to be replaced to some extent by government control. Each one of these exceptions depends upon its own peculiar circumstances, but in general the economy of Canada is free and it is, thank goodness,

competitive. The question involved in resale price maintenance therefore is whether this principle of competition which is the very essence of our free economy is to be replaced by a practice under which the manufacturers and the distributors alone determine price without effective intervention of consumers or the government. That is the issue involved in this matter.

In this connection, the first point I should like to make is that in the determination of resale prices the profit mark-ups taken by the wholesaler and the retailer are quite important. Sometimes, I am afraid, we are inclined to regard the consumer price of a given commodity as the cost of manufacturing it plus a comparatively small mark-up to get it from the manufacturer to the consumer; in other words, we are inclined to think that the bigger part of the job is in getting it created, and that getting it merely from the manufacturer to the consumer is the lesser part of the job. This thought is deceptive; it is not true, because in many cases these wholesale and retail mark-ups together equal or exceed the manufacturing cost. That is one thing that the statistics—and, I may say, the inadequate and sketchy statistics—which were submitted to the joint committee proved.

As I said a moment ago, we are all agreed that competition is vitally important in our free economy. I think we are all equally agreed that both primary and secondary producers turn out goods at a lower cost to consumers, and thereby raise the standard of living, by competing with one another. Our contention is that competition is no less important in the distributing field than it is in the field of production. I submit that no convincing reason has been brought forth, in all this mass of material that was presented to the committee by the opponents of this bill, to show that the process of distribution can be discharged efficiently and economically without competition; and for these purposes the only really effective competition is price competition. For not only does price competition provide a high standard of living by guaranteeing an efficient production and distribution at a low cost to the consumer; it is also my submission that it guarantees what the supporters of resale price maintenance say resale price maintenance guarantees but what we say resale price maintenance does not guarantee, namely the genuine independence of the retailer, particularly the small retailer.

I propose to submit to you, sir, that competition does protect the genuine independence of the small retailer, and that resale price maintenance does not protect his independence; for under competition it is self-evident to anyone who has the slightest