

Galbraith also indicates that because of the ability to control the market, and that is almost to create the market because of mass advertising and other things, companies in the planning sector are able to create continuing demand. Their ability to pass on increases in price through increasing costs and wages et cetera, means that this particular segment of the business community tends to be inflationary. Again it is that ability to increase the demand and pass on costs that creates inflation.

Another point that I should make about the planning sector of the economy is that a great deal of its growth is created by plowing back into the company the profit or revenue it has achieved. This means that corporations in the planning sector are not subject to the kind of monetary policies that governments use to limit inflation. In other words, 12 per cent, 13 per cent or 14 per cent interest rates are not particularly important to this section because they are able to generate their own capital. So this group is relatively immune to the vicissitudes that affect the smaller businesses in what Galbraith calls the market economy.

It is my feeling that we should be looking at the kind of competition bill that would tend to keep this segment of the economy, as Galbraith calls it, the planning economy, under control. On the other hand, the market economy—that is, the smaller people who are unable to control any large segment of the economy and who are fairly elastic in their operations—is not the section of the economy that is inflationary. Here is where market force comes into play. If smaller industries or businesses are not able to stay away from undue price increases, competition will put them out of business and so we have market forces operating in this segment of the economy. I think this distinction between the market economy and the planning economy is an important one and the bill begins to attack this distinction. Whether this is a conscious attack or whether it is done for other reasons, the fact is, it is there.

I should like to deal with one or two aspects of the bill that affect those companies that I have defined as being in the planning sector—the large corporations, the multinational corporations. These are the corporations where mergers, restrictions in trade and this kind of thing are more likely. I think there are definite areas where this bill has some notable effects and where the future bill will have even more effects. The future bill should be designed to have a great deal of effect in this particular sector. In the bill, there are items like refusing to deal, providing adequate supplies to certain individuals to force them out, consignment selling, market restriction—these kinds of things which are very pertinent to this more powerful section of the economy. The item in the bill which deals with foreign laws which are contrary to Canadian interests is one that has a great deal of effect on the larger corporations, particularly the multinational corporations.

There has been some criticism of the limitations of this act, some question of how we are to find out, for instance, if the government of Cuba or China is not able to purchase a particular piece of material, as in the case of Cuba and the MLW-Worthington company and the 20 locomotives. The criticism of the bill was that there was no way the government could find out what was happening. It seems to me that if the government of Cuba were particularly

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interested in making the purchase, all it would have to do would be quietly say to our Department of External Affairs that they needed help with the problem. I do not think this is a very great handicap under this act.

These are some of the things that are beginning to be examined in this act, Mr. Speaker. I hope that the second section will deal far more with this planning segment of the economy and its power. As to the market segment, I think the bill is positive when it attempts to remove from that section of our economy the involving smaller businessmen, the kind of leech or individual who is constantly involved in sharp practices. By reducing sharp practice we shall, in the long run, enable the small business community to acquire a better name.

● (1720)

Practices like bid rigging are also considered. As you will recall, Mr. Speaker, some senior executives of General Electric in the United States were jailed a few years ago because it was alleged they engaged in such activities. Such practices will be dealt with under this bill. They affect the market economy as well as the planning economy.

Professional sport, in the sense that it is a business, also comes under the scope of the act. As well, double ticketing is brought under the act. The enforcement procedures under the act will make it possible for us to deal with such things. That, I think is desirable.

I said that I would only say a few words on the bill. I think the second legislative phase would be most important. The minister indicated certain important areas which would be dealt with in the second phase. He suggested that the government would develop legislation bringing forward additional criteria and methods against which we can judge mergers and amalgamations which, while restricting competition, may or may not be in the interest of the public. In other words, the government will examine the question of mergers.

While considering second phase legislation I think the minister should consider the matter of administrated pricing, and the idea of a company being able to pass prices on because there are no market forces which will counter the increased price. I think these are some of the things which we must be aware of and look at as we develop legislation in this field, with the idea of strengthening the market economy while controlling the planning economy.

Mr. Bill Clarke (Vancouver Quadra): Mr. Speaker, I want to begin my contribution to this debate by examining the theory of competition and monopoly. The orthodox theory has been the standard fare in the universities for over 40 years. It permeates the thinking of the government and of many members variously situated in this House. It is the basis of much badly conceived legislation aimed at monopolies.

I wish to argue that the great virtue of Canadian anti-monopoly legislation over the years has been that, compared with the American system, it has done relatively little harm, direct harm, even though it has done the Canadian people no real good. Indirectly, however, Canadian anti-monopoly laws have done considerable harm by misdirecting public attention away from the very