

annual reports as the program of compliance and it is intended to be a vigorous and sustained program involving education and explanation, discussion of business problems and the giving of opinions concerning the application of the act.

As part of the program, businessmen are encouraged to discuss their problems before they decide to introduce policies which might prove to be in conflict with the Combines Investigation Act.

You know what that is doing, Mr. Speaker. The explanation of how to comply with the act is, in fact, an enticement to the businessman to go right up to the borderline, to see how far he can go without getting caught. These explanations not only tell him how to comply with the act but how to do so in a minimal sense. We know that decisions about prosecutions under the act are made by the Department of Justice. I submit that the department's lawyers are ill-equipped to make decisions of that nature. It is beyond their scope, beyond their comprehension. They are solicitors, not barristers, lawyers who sit in their offices and make sure every comma is in place. What do they know of the market place, or what it is like for the housewife to run up against conditions which steal the dollars from her pocket every time she goes into the store to buy something? This situation, apparently, is to be continued.

● (1600)

That brings me to my point. It is suggested that, apart from its limited effectiveness in protecting the consuming public, the bill makes provision with regard to banks. I suggest that is not so. It is true the bill refers to banks, but the provision with respect to banks is not worth the paper on which it is printed. It is ineffective, meaningless. Why? Because of the way banks set their interest rates. Only two questions are involved: how much interest will banks charge for the money you have borrowed, and how much interest will they pay on deposits? Whether the smile of one manager is more attractive than the smile of another manager or whether you are served by a pretty, buxom girl, wearing a button which says, "Let's talk"—the implication being that she wants to talk about something other than lending you money—is not important. That is not the question. Really, we are considering interest rates.

Banks set their interest rates either according to the rate the Bank of Canada sets, in which case they are not free agents but follow the lead of the Government of Canada, or they set them according to the price leadership approach. Mr. Speaker, the price leadership approach is the most effective mechanism yet devised by which corporations can fix prices without being found guilty of contravening the act. The price leadership approach for fixing prices has been used effectively, for instance, in the pulp and paper industry. It works something like this: one day the president of a company will say, "Today we will announce that the price of pulp is to be increased by \$4 per ton." He makes his announcement. Two days later the president of another company says, "Say, that is a good idea; we will go along with it." The same sort of thing happens with banks. That is how they establish interest rates.

Clearly, in this area the value of the bill is nil. It is nothing more than a conscious, deliberate attempt to deceive the public into thinking that something will be done to protect them against the banking interests of this

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nation, when the bill will not do anything. Does the bill imply that interest rates for home builders and homeowners will come down? No. Does it indicate that such people will get a better deal from the financial institutions of this country? No, sir. This is window dressing, designed to satisfy those who have complained in the past that the Combines Investigation Act deals with commodities, not with services. In the past, banks have been looked upon as providing a service. You could more appropriately call it a disservice to the public the banks serve, and to the country as a whole.

In 1960, when the Combines Investigation Act was amended, there was a conspiracy entered into right in this chamber involving the then minister of justice, Hon. Davie Fulton, and the then representative from Newfoundland, Jack Pickersgill. We referred to the amendment as the Pickersgill-Fulton amendment because the Tories and Liberals rushed so happily into each other's arms in putting through that amendment to the Combines Investigation Act which we felt to be offensive and designed for no other purpose than to permit corporations to circumvent the price fixing provisions of the act. The present minister is not only carrying forward the spirit of that provision; he is expanding it. I am talking about the provision which provides a defence in case you are charged with fixing prices, or restricting the quality or quantity of a product in the market place, and so on.

**Mr. Leggatt:** Which section?

**Mr. Howard:** I am referring to section 32(4) which provides that in a prosecution under subsection (1), which deals with limiting supplies, fixing price and so on, the court shall not convict the accused if the conspiracy, combination, agreement or arrangement relates only to the export of articles from Canada. Clearly, the term "articles" can be interpreted broadly and may have broad application. This, then, is a sanction for fixing price. It is an authorization to establish a combine. True, on the face of it, it is limited to the production, marketing, distribution, etc. for the export market. Nevertheless, this is authority to fix prices, and will apply to the domestic market by osmosis, if by no other means.

For example, consider the fish canning industry of British Columbia. It is dominated by two companies which are linked together at the top. Actually, there is one dominant fish canning company in British Columbia. Under our corporate laws these two companies are two corporate entities; if they enter into a combination, they are liable to prosecution under the act. Yet, they are completely at liberty to sit down together and work out a fixed price for canned salmon for the export market. You can bet your boots that once they have worked out a fixed price for the export market, that price will become the fixed price for the domestic market as well. It is all perfectly legal, perfectly legitimate. The minister seeks to carry that situation forward in this bill.

May I deal with another aspect of the bill? It is deficient in that it does not apply to the Crown. The government is exempt. The government can engage in conspiracies. It can do a number of things. It can enter into a conspiracy with private interests which wish to move towards a monopoly position. At the moment we are engaged in a controversy