

Competition Bill

section 31.1. I welcome this, but again it is a minor relief. Again, it is a very cosmetic thing.

If consumers suffer from a conspiracy to fix bread prices, no one individual will start an action for the one cent a loaf that the conspiracy may have cost him over the previous five years. The sum involved would not amount to enough to get the case into the small debts court. What has long been needed in Canada has been provision for class actions so that an entire class of people who suffer as the result of conspiracy can take action, and an award made, based on the loss suffered by the entire class. Under the proposal in this bill the public injury cannot be fairly compensated.

Let me give an example of the type of class action that can work. A major cab company in Los Angeles had illegally raised its meter rates over a long period of time. As a result a class action was developed by a firm of lawyers and some other consumers of the taxi service. The defence raised by the taxi company was that the loss was impossible to determine, and thus there was no way for the court to make an award. The presiding judge ruled that the company must turn back its meters, not only to the legal rate but to a rate below that for a period equal to the time during which the conspiracy had taken place.

An hon. Member: What happened to the drivers?

Mr. Leggatt: The drivers did fine. The company was the one which was making the money. It is this kind of provision that I hope the minister will consider but, as I say, I do not see it in the bill. How many people are going to take action under proposed section 31.1 on an individual basis, where the actual individual loss is a matter of pennies but where the public loss is in millions of dollars? The only way to deal with such a situation is to make provision for a class action, so that a company which pulls these shennanigans will know it will be faced not only with a major fine but with paying compensation for the loss suffered by the public.

From time to time we tend to be quite critical of the Minister of State for Urban Affairs (Mr. Basford), but I believe the investigation into the cement company scandal in British Columbia started when he was minister of consumer and corporate affairs. It was discovered that a conspiracy on the part of the major suppliers of cement in British Columbia had existed over an 11 year period. These companies controlled about 90 per cent of the market. The companies were fined about \$430,000, which will probably mean a slight change in the dividend paid out of profits. But the interesting thing was that no hard evidence was produced in court to determine the economic loss suffered as a result of that 11 year conspiracy. We do not know whether this loss was nil, whether it was major, or whether it was minor. I contend that in this kind of legislation we must be sophisticated enough to come up with answers to that.

The public want to know how much this cement conspiracy cost it over those 11 years. Until then it will not know how just was the fine. I point out that the law also provides for two year jail terms, and it is time some sentences were imposed, particularly when evidence is produced that the public interest was severely affected. I repeat that no economic evidence was introduced in court

[Mr. Leggatt.]

with respect to that conspiracy. The public really does not know by how much house building costs were increased as a result of that conspiracy.

There is only one reason for these conspiracies, to increase the price, or to keep it artificially high. I think we can sum up this legislation as a wonderful approach to tinkering around with the market, but in the long run we must be pessimistic about the subject. The ease with which prices can be set is quite remarkable, and beyond the minister's capacity to investigate in most cases. This is not a criticism of the minister. It is just that price fixing is so easily done while walking around a golf course, particularly when those involved control 90 per cent of the market. If those involved in the conspiracy refuse to supply one of their competitors with a major component for the product he manufactures, this pretty well means that he has to engage in the conspiracy himself, or else go out of business. I welcome the provision inserted in the bill to deal with this situation as an improvement on the law as it presently exists.

In conclusion, I say this is a wonderful job of cosmetology, which will allow my hon. friends to my right and across the chamber to continue to indulge in their myth about free enterprise. I am, in a way, glad they have taken this opportunity at myth-making to support again what is really an untenable economic position.

Mr. Paul E. McRae (Fort William): Mr. Speaker, my remarks today will be rather short. I would like to support this bill, not as a complete answer but as one of two steps which will help solve many of the problems affecting business in Canada. There is a great myth in the business community, a myth which runs through groups like chambers of commerce and others. The myth is that all members of the business community are as one; that the only difference between the small clothing retailer and General Motors is one of volume and that they are "all in it together". This myth must be examined very carefully for its implications in regard to this particular bill.

● (1710)

I was rather interested in a concept advanced by Galbraith in his last book called "Economics." He divides the business part of the economy into two segments, the planning economy and the market economy, and tries to explode the myth that all businesses are exactly the same except for volume. He talks about the planning economy as that portion of the economy which has real power—the multinational corporations, the larger corporations. These have the power to set prices within a certain range and to pass on the costs they incur. They have the power to accept substantial wage and salary increases and to pass these on. He describes this planning sector of the economy as being basically growth oriented.

I agree that the motive for the operation of a large portion of our economy and of government, is growth, not maximizing profits. In many large corporations, the shareholder or owner is quite separate from the people who operate the business. In such organizations growth is a far greater factor than is maximizing profits; profits are plowed back into growth and the only concern is a reasonable return to the shareholder who has very little control of the operation of the business.