

Competition Tribunal Act

will be mergers which will lessen competition to a certain degree. Those mergers might be in the best interests of consumers *per se*. To suggest that the tribunal should not allow mergers which will in any way lessen competition is to take an unrealistic position because competition might be restricted by a very small percentage but the merger itself may be in the best interests of consumers generally.

Would the Hon. Member agree that even though there may be some lessening of competition, some mergers might be to the benefit of consumers? And does the Hon. Member agree that although Bill C-91 is full of loopholes, is inadequate and does a disservice to consumers in a lot of respects, it is at least a step in the right direction? Rather than being obstructionist as the New Democratic Party is suggesting it will be, would the Hon. Member not agree that we would be more productive as legislators and parliamentarians if we tried to work in committee and convince the right wing opposite to toughen up the Bill? Rather than delaying the Bill unduly, would the Hon. Member not agree that we should work towards improving the Bill in concert at committee?

Mr. Rodriguez: I just want to say to the Hon. Member for York South-Weston that I thought my speech was replete with very concrete criticisms of the Bill as well as suggestions of things which should be part of it. I thought I did that very well in 20 minutes. I recall that when I first came here in 1972, the Liberal Government brought forward Bill C-256. It was an anti-monopoly Bill. It was a competition policy Bill. Of course, the corporate sector of the country put up a great howl and cut its contributions to the Liberal Party. It was then decided that the Hon. Member for Windsor West (Mr. Gray) was too progressive. So he was taken out of the area of consumer and corporate affairs and somebody else who was more amenable to the corporate sector was put in. The Liberal Party split the Bill and left measures such as price fixing, double ticketing and so on. It then put the merger questions in another Bill and, of course, nothing happened. We end up with the puffball legislation which is presently before us.

● (1710)

With respect to the question of mergers, the Hon. Member asked me whether or not we would still be opposed to the legislation if it lessened competition but was of benefit to the consumer. I say that we start from the position of strength. In fact, we should prohibit it and give the merging groups the right to appeal. Let them prove in an open court that a merger would be of benefit to the consumer. I would also include in the Bill the right to class actions so that if consumers believe that it is not in their best interests, then they can haul the beggars before the court, as they do in the United States and other enlightened jurisdictions. However, the Liberals fought such a provision. I moved an amendment to that effect in the previous Parliament. The Hon. Member for Papineau, who was the then Minister of Consumer and Corporate Affairs, would not have anything to do with it.

I say to the Hon. Member: We will not obstruct the Bill. But there are certain philosophies and principles which we want included in it. We must get those in committee or else we will have a Donnybrook here on the floor of the House of Commons. We will also see how the Hon. Member will vote.

Miss Aileen Nicholson (Trinity): Mr. Speaker, in welcoming this Bill as a useful first step in dealing with concentration, I must say that it is timely. At the present time we are seeing a great rush of mergers such as we have not seen since 1981. I would like to focus in particular on concentration in the financial services industry. There are three sections in the Bill before us which deal with bank mergers. The Bill introduced by the Minister this morning, which is specifically on financial services institutions, also makes reference to competition policies. Thus there is a connection here.

Hon. Members will be aware that a Green Paper on financial institutions was released by the Government last year, following which there were very extensive hearings held by the Finance Committee. Many of the witnesses who appeared before the committee chose to focus on two issues. They were, first, concentration in general and the problems associated with it; and, second, the potential for conflicts of interest associated with ownership of financial institutions by non-financial institutions. The Green Paper proposal on domestic ownership proposed that cross-ownership of financial institutions be permitted through a particular mechanism, that is, an upstream and inactive financial holding company. It also recommended accepting closely-held ownership as opposed to broadly-based ownership. That proposal was a reversal of previous domestic ownership policy which favoured widely-held financial institutions.

The Finance Committee did not accept those recommendations in the Green Paper but had some alternatives to propose. One was that the Minister of Finance be empowered to review and prohibit the merger with, or acquisition of, an existing institution, and that explicit criteria be developed for the application of such a review procedure. There was also a very specific recommendation by the Finance Committee at that time to the effect that the Minister of Finance not approve any merger between Canada Trust and Canada Permanent Trust until an ownership policy for financial institutions had been developed and implemented. The Government ignored the second of the two recommendations which I have described, that being Recommendation No. 58. The merger went ahead and was finalized in January of 1986. This is how Genstar came to own Canada's largest trust company, which has been the basis of some of our questions today, as we now see a further concentration with Imasco proposing to take over Genstar.

Members of the Finance Committee were unanimous in expressing concern with respect to concentration of financial power and also in stating that the committee did not believe that financial activities and non-financial activities should be combined. I would like to quote briefly from the report of the committee which states: