

it and calling for tighter controls. Usually they argue: We need more teeth in the legislation. It is a sort of cops and robbers approach. They say: We must make it tough; we must strengthen the combines legislation. Some of them, I suspect, wrote their first essay in politics or in economics on combines legislation, then developed it into an MA thesis and then into a PhD thesis, and they have lived off it ever since.

However, this is not really important legislation and it is hard to vote against the bill because it does provide a few minor benefits, just as it is hard to vote against anything of a motherhood nature—and this is obviously a bill of that type. I listened to the defence and found that it was of a minor kind. Government speakers who told us how valuable the bill is were really making an effort to put together a valid argument in support of the present combines legislation.

I have reservations about this bill. If it were just a minor bill with minor benefits in it, there would be no great cause for complaint. We see quite a few of these bills in the House, and one might argue that any improvement is worth supporting. On that basis the bill is probably worth supporting because it provides some minor corrections in our society. But it seems to me that a very serious problem is involved in the entire concept of the combines legislation as we now know it, and just trying to correct it in a minor way does not take care of the problem. The combines legislation, in my view, stands in the way of our society facing up to the need to find serious answers to serious economic problems. It merely obscures those problems, rather than casting light on solutions to them. In that sense I agree with the hon. member for Trinity who said much the same thing.

The combines legislation has never worked. There is no evidence that it has ever been effective. Those who have been caught and prosecuted under the combines legislation, or by the restrictive trade practices group, should have been prosecuted not because they contravened the legislation, but for idiocy—because you have to be an idiot to be caught and prosecuted under the legislation in the way it is drafted. If you look at how these prosecutions arose, you will find that in some cases contractors held a meeting, and because they did not trust each other they kept minutes of the meeting or called accountants to clarify the meaning of the agreement they had reached. On one occasion when the bids were opened a record of the meeting, with the prices upon which they had agreed, fluttered out with one of the bids. With evidence like that, this group was prosecuted. There are many examples of that type. We have had prosecutions in the glass industry and the paper industry; but look at those industries today. Prices are identical right across the board. There is not one paper company, one glass company, underselling another. What has been really accomplished by the prosecutions which have taken place in the past?

● (2020)

We live in a society where oligopoly is the rule, rather than competition. That may be one of the reasons I reacted so favourably to the description given by the hon. member for Trinity of how oligopolies work and how business agreements are made. He was in business, Mr. Speaker, and I was in business. Both of us know that this is done

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without sitting down and holding formal meetings in order to get agreement. I am sure neither he nor I participated in that kind of endeavour, but we have seen it take place often enough either over lunch or on the golf course. Somebody in the group says, "We cannot go on like this; we will have to raise prices." There is always a leader who raises the price and the others follow suit.

This advantage always belongs to an oligopoly. Under those circumstances, you cannot get a conviction. In circumstances of that kind, in an area where there are relatively few sellers seeking to protect their positions, it poses a worse situation for society to deal with than a monopolistic situation. Consider what happens when an industry is a monopoly. Take the examples of the Bell telephone company and the gas transmission companies. Obviously they are in a monopoly position, and obviously the government has to step in and do some regulating.

Of course, if there were a number of telephone companies I am sure we would not have any regulation of telephone rates. I am convinced that rates in Canada would be infinitely higher and that telephone service would be infinitely poorer. In a way, this is a kind of heretical thinking, but if you ponder the century we are in, the kind of technology that exists and the size that companies have to be in order to take advantage of that technology, it is clear that we must indulge in thinking which is different from that of the past when dealing with these matters.

Sometimes people talk about competition between banks, but the minute one bank announces it is going to raise interest rates by half a percentage point, all the other banks follow suit. Then when you get representatives of the banks before a committee of this House and you say, "Here is clear evidence of collusion because you all raised your interest rates; the day bank A's rate went up in the morning, it was followed by bank B in the afternoon and then there was a long drag, maybe for one day, before the others followed suit," the response of the banks is, "That is really an example of perfect competition." What they are saying is that if competition is perfect, everybody will be charging the same rates because they are all responding to the same market forces and, as a result, must charge the same rates.

Would we not be further ahead if, instead of pretending to ourselves that it is possible to have competition in the banking industry, we legislated the spread between what banks can pay and what they can charge for money? It is pretty hard to legislate what banks will pay for funds, because that tends to respond to international economic situations. But we can legislate the spread and say they are entitled only to a certain difference between what they pay their depositors and what they charge those who borrow from them. However, we are not willing to do that. We go on pretending that in some strange way we can make the banks compete with each other.

Other examples come to mind. Just a few years ago General Motors came out with a price increase. They were followed within a day or so by the other automobile manufacturers who increased their prices by the same percentage. But for some reason or another General Motors decided that their price increase was a mistake and they reduced the amount they were going to charge for