

The Canadian Economy

Economic Council of Canada in regard to Canada's competition policy. These submissions were made in 1969.

Since we live in a free and democratic society, I think our first impulse is to say that all such documents should be made public. On the other hand, the hon. member is asking that the Economic Council of Canada release the submissions. We must bear in mind that when the Economic Council of Canada was established it was made free from and independent of the government. If it were made subject to the wishes of the Minister of Finance (Mr. Benson) and other portfolios in the cabinet, its effectiveness would be destroyed and its recommendations would not be given credibility. So the cardinal principle here is that the Economic Council of Canada be free from and independent of the cabinet; that its recommendations which are made periodically shall not be subject to political pressure from the government. Therefore, it seems to me that if we make demands at will for documents and information from the Economic Council of Canada, pretty soon the independent character which it presently has will be lost. If the documents and submissions made to the council were released, the release should be made by the Economic Council of Canada itself, not by the council on instructions from the cabinet.

It has been suggested that this concept of being independent of and free from political pressure from the government should be expanded and that there should be established a pollution and environment council for Canada; that this council too should be free from and independent of political pressures to enable it to range over the whole sphere of the Canadian environment and to make independent recommendations to the government and to Members of Parliament—indeed, to the whole country. If such a council were established, I am sure we would want it to be an independent body like the Economic Council of Canada, a body freed from political pressure and from demands for papers and documents at will on instructions from the government.

As the hon. member for Winnipeg North said, the present combines legislation has been in force for many years; I think he said about 40 years. The legislation has been very unsuccessful, he alleged, and has not really served the purpose for which it was designed. I do not accept that contention. For example, there have been many prosecutions brought under the act; we read of them at regular intervals. I should like to refer to some of the prosecutions of the Department of Justice under section 33 of the Combines Investigation Act during 1969 and 1970. For instance, there was a prosecution in September of 1969 brought against a company in Regina that was retailing gasoline, and a fine of \$100 resulted.

There was a prosecution in Montreal, in August of the same year, involving a manufacturer. This prosecution resulted in a fine of \$1,000. There were many prosecutions in that year, including one brought against Imperial Tobacco Products, a cigarette manufacturer, resulting in a fine of \$3,000. Not only do companies that are prosecuted have to bear the financial sanctions levied against them, but they also suffer adverse publicity as a result thereof. I am sure it costs the companies hundreds of thousands of dollars in advertising to offset the unfavourable publicity they have received.

[Mr. Foster.]

Therefore, looking at it from all sides, I suggest the legislation is not as ineffective as the hon. member suggests. Many major investigations have been carried out, such as the one involving paving companies in the province of Ontario. In that case very stern action was taken by the provincial government and a great many paving contractors were debarred from tendering on paving jobs for the provincial government for a period of years. There was an investigation made into gasoline pricing in the Sudbury area. Also, there has been an investigation into business forms throughout Canada, as well as a separate investigation in the province of Quebec. However, I think we would all agree with the hon. member for Winnipeg North that all political parties are concerned about price fixing and we all want to have an effective Combines Investigation Branch in our government to keep price fixing under control.

Mr. Steven Otto (York East): Mr. Speaker, in speaking to notice of motion No. 21, I think the hon. member for Winnipeg North (Mr. Orlikow) gave the impression that he is still thinking of competition as it was in the days of Horatio Alger.

Mr. Orlikow: You mean Mackenzie King.

Mr. Otto: Yes, even in the days of Mackenzie King. It is a common belief in many circles today that we have competition of sorts. Any hon. member who has engaged in business during the last 20 years will have discovered that in reality there is no competition, only tolerance. The briefs submitted to the Economic Council of Canada probably reflect this old idea that there is competition, and as a result the Economic Council has made certain recommendations.

The hon. member for Algoma (Mr. Foster) referred to prosecutions of paving companies. I have been familiar with this phase of business enterprise for about 20 years, and the fact is that this industry has not found a proper method of ensuring that the lowest bidder does in fact get the job. This applies not only to paving but to the gasoline industry and many others. The fact is that in this business practically every contract put out for tender requires a great amount of capital to finance it. In other words, these contracts have to be bonded and new machines and equipment have to be purchased. As a result, only a small number of firms can adequately undertake this kind of contract.

● (5:40 p.m.)

On the other side of the picture you have the reliability of the contractor; you have to consider his financial position. I regret that the hon. member for Algoma has left the Chamber, because I am sure he would be interested to know that in this industry it is the large firms which can undertake contracts and the smaller firms usually suffer a loss. If you check the financial pages over the last number of years, you will find that there has been a succession of bankruptcies in this business.

For years municipalities and provinces have been searching for a method by which contracts can be awarded to the person who can do the job at the best price and most efficiently. Such a method has never been worked