

*Supply—Industry*

Gentlemen, you are selling below cost, you cannot succeed. Your concern is not competitive. I believe this is a practical policy and that the minister, who is a business man, realizes that if he could set up such a system he would do the provinces and the whole country a great service, including his colleagues heading such departments as labour, trade and commerce, finance and revenue.

We can have a prosperous Canada. We can have prosperous provinces, on one condition: that we organize ourselves scientifically, seriously, and that we put competent people in all the departments and divisions.

• (2:00 p.m.)

[English]

**Mr. Herridge:** Mr. Chairman, I want to make a few brief remarks on the minister's estimates as an unrepentant old socialist trying to look at these questions from a fundamental and traditional socialist point of view. I see the Minister of Citizenship and Immigration looking at me over the top of his glasses. I hope we will assist him in the programs he has undertaken to date by what we say this afternoon and will say later.

I suppose it is correct to say that the Department of Industry is the department of wait and see. That is the general attitude of most hon. members. The department has to prove itself, but I am sure all members of this group wish the minister and his officials every success in all they undertake to try to fill the gaps that have been left in employment, development, markets and research as a result of the monopoly control of our economy by a few large industrial giants.

The minister knows that we in this party are traditionally opposed to monopoly and combine. We have had that plank in our program since our movement was first formed in 1932. We have maintained that position and intend to maintain it. There are two major groups that actually control the Canadian economy. One is the small but powerful Canadian economic elite described by various persons as all those who are involved in Canadian owned corporations which have interlocking directorships. The other is a group of United States firms and foreign businesses which have a tremendous influence on social and economic conditions in Canada.

I am not blaming individuals. These persons have their functions to perform in the society in which we live and they have their

duties as directors and officers of corporations. As I say, I am not blaming individuals. I am just bringing to the minister's attention some of the highlights of our program in case he might want to fall back on them in the months ahead.

I wish to quote from "Notes For Speakers 1965" provided to the New Democratic Party, and I hope the minister will read the booklet later. There is a section headed "How Do The Giant Firms Keep Their Supremacy" which reads:

Someone may well wonder how the dominant corporations in each industry manage to stay on top. In view of the fact that they earn large profits, why doesn't this attract so many new firms into the industry that the share of the dominant firms is sharply reduced?

That is a good question.

There are a number of ways in which the giants can bar or discourage new firms from entering the industry.

1. In some industries enormous amounts of capital are required to establish a new plant and only the existing dominant firms have this kind of capital.
2. Some industries require a particular natural resource or type of skill and the available supply of these may be completely controlled by the existing firms. Sometimes this takes the form of "vertical integration" where the large firm controls everything from the raw material supplies to the marketing of the end products.
3. Often the existing firm secures a patent on a particular process or product which bars new firms from using this process or producing this product.

I am sure the minister and his officials have had some experience in that regard in looking at Canadian industry as it is today.

4. The large existing firms have well established sources of credit to supply them with funds for expansion. Credit is not so readily available to the small firm. The large firms can also float huge issues of stocks and bonds; this is very difficult indeed for a new firm just beginning operations.

I understand the minister's department intends to promote the issuance of credit to sound industries being promoted on a large and small scale.

5. The most successful advertising is that which is carried out on a national scale—on television and radio, in national magazines, etc. The large existing firms can afford this; newcomers generally cannot.

I am quite sure the great majority of small industries and businesses could not undertake this sort of advertising on any scale.

6. The dominant firms have surplus funds with which to carry out costly research into new methods and products.

7. The large corporation can engage the newcomer in a price war. The giant has reserves which will sustain him until the war is over;—