

*Competition Bill*

his hopes for Mrs. Plumptre and her rather ineffectual enforcement group?

● (1540)

Notwithstanding this faith in light, subsequent legislation has opted for a bit more flesh, though only a bit more. In addition to attempting clarification of what a combine was, the revised Combines Investigation Act of 1923, which is the basis of present law, provided for permanent officers and staff and gave independent powers of initiative to that staff. Despite these powers, from 1923 to 1959 there were only sixty-five reports issued and twenty-three convictions. One non-admirer of the law has observed with perhaps more than a trace of bias:

"Either Canadian business has been very good or our administration has been very loose. In either case, business seems to have little to worry about whether or not the law be strictly construed."

This new law provides little substantive change. Oligopolies don't need to have agreements in restraint of trade. They don't need to engage in identical bidding. All they have to do is follow the well established practice of price leadership.

For the benefit of those who may not understand from personal experience how oligopolies work let me give two examples. One I often cite is of, say, five companies in the city of Toronto. Their representatives get together for lunch. The representative of the largest manufacturer will say, "The cost of transportation has gone up; the cost of labour has gone up; the cost of energy has gone up, and on April 1 I am going to put up the price of bricks \$5 a thousand." Then, perhaps they talk about how last week's warm spell has affected the buds on the fruit trees in the Niagara peninsula, and about whether or not John Bassett has met his match in the Minister of National Health and Welfare (Mr. Lalonde). They then go home, Mr. Speaker, and there is no contract, no agreement—not even a handshake. This is the way oligopolies operate, for the most part through understanding.

When I visited Australia a couple of years ago I was entertained to lunch by our trade commissioner there. He took me to a very interesting club known as the Bamblers' Club. He said, "Do you see the table on my right? The 14 people there are the Viniers of Australia. By the time they finish lunch they will have divided up both the domestic and foreign markets for the next quarter." Nobody was taking notes, Mr. Speaker. Nothing was obvious whatsoever. There was just that kind of mystique, that almost mysterious understanding that people who operate in an oligopolistic situation have with each other.

Not long ago when an increase in the price of gasoline was proposed in the city of Toronto a spokesman for one of the companies said, "We will have to wait until we see what Imperial Oil does." The proposition was that Imperial Oil was the leader. It was the biggest and most powerful company. Consequently if it figured its cost situation demanded a certain increase in prices then the others would more or less automatically follow along, without any agreement, without any understanding, without any contract, and without sanctions, having in mind the way oligopolistic industry has developed not only in our country but in other countries as well. Inevitably when a small number of companies occupy a major share of the market, imperfect price competition will prevail.

Added to the fact that this bill excludes labour, and will be largely ineffective for business, is the list of additional

[Mr. Hellyer.]

specific exemptions. The doctors won't be included if they are subject to provincial law. The dentists won't be included if they are subject to provincial law. The lawyers won't be included if they are subject to provincial law. The real estate brokers won't be included if they are subject to provincial law. The banks can be excluded on authorization of the Minister of Finance (Mr. Turner). Hydro power won't be included if it is subject to provincial regulations. Air fares won't be included if they are subject to federal regulations. Telephone charges won't be included because they are subject to federal laws. Postage stamps won't be included because they are subject to federal regulations.

If the bill will be largely ineffective for big business, and if labour, the professions, energy and transportation, among other things, can under normal circumstances be excluded, then what is left? The answer is very little—not much indeed! The great majority of the Canadian economy is not included. It is exempt, or it is insignificantly affected except for additional red tape and the consequent higher costs that it will entail.

As the hon. member for St. Paul's indicated, Mr. Speaker, we will support the bill, subject to some reservations and amendments, in the hope that some of its provisions will be beneficial to small business, and that others will provide some additional consumer protection.

As some of its provisions are far-reaching in so far as they may interfere with existing distribution techniques we feel they deserve serious study, and that all interested parties should be given ample opportunity to present their views. Consequently, the government may wish to give consideration to the possibility of splitting the bill, which would allow speedy passage of the more urgent sections while allowing more extensive discussion of the other far more reaching sections. On the broader front, as a contribution to price stability one can only conclude that the approach is totally inadequate. It is outdated. It is, in fact, archaic.

We must admit that we have a split economy. It is not a homogeneous economy. It is an economy where some prices obey the law of supply and demand, where some wages are negotiated between small operators and their employees directly; and where, on the other hand, some prices are set by market power, by the big oligopolies, and where some wages are negotiated by unions which have sufficient power that they can in fact exercise a monopoly with respect to the supply of labour, and where a settlement is reached between a company and a union, perhaps not on the basis of the public interest but on the basis of the interests of the two participating parties at the negotiating table.

So, Mr. Speaker, the first thing we have to do in order to come to grips with the over-all approach is to admit, once and for all, that our economy is split; that it consists of two parts, and that probably of the two parts the rigid, oligopolistic and monopolistic part has more power and more influence on what happens in the economy than the remaining market sector which is in fact very much influenced by the more rigid sector. We must abandon the approach of the last century which held that we have a genuine market economy. In fact, we do not. We must introduce a new concept of reconciliation. The real economy must be reconciled with the public interest.