

The Acting Speaker (Mr. Paproski): Pursuant to Standing Order 114(11), the recorded division on the proposed motion stands deferred.

Mr. David Orlikow (Winnipeg North) moved:

Motion No. 8

That Bill C-91, be amended in Clause 47 by striking out line 36 at page 51 and substituting the following therefor:

"graphs (a) to (c), including the concentration of corporate ownership by one or more individuals to levels which the Director finds excessive."

He said: Mr. Speaker, there is no greater problem that is necessary for this Parliament to deal with, to study the implications of what is happening and to come up with policies which will meet the needs of the Canadian people, than the increasing concentration and power of conglomerates. The response of the Government and that of the Minister in particular, has been to duck this question.

A number of witnesses appeared before the committee and told us that Bill C-91 does not deal with corporate concentration as it stands now, and it certainly should. We heard as well from persons such as Professor Stanbury, one of the most knowledgeable academics studying the question of competition law. He reminded us of the potential adverse consequences of excessive concentration of economic power. Professor Stanbury quoted the President of Cadillac Fairview Corporation, Mr. Ghert, who listed these potential adverse consequences as follows: first, the ability to misallocate resources by restricting output and raising prices; second, redistribution of income from the firm's customers to its owners; third, firms with excessive power can become inefficient and wasteful; fourth, a high level of concentration reduces the number and diversity of decision makers in the economy; fifth, large concentrations may be unresponsive to regulatory agencies and have the ability to influence public policy; and sixth, corporate ?PAGE 13991 concentration may stimulate greater Government intervention as a countervailing power.

Professor Stanbury painted a rather frightening scenario as to what can happen when large financial conglomerates are dominated by large non-financial enterprises. He pointed out the concern that these large groups will be able to use their power to advance the interests of some customers or suppliers and/or penalize others, undermine the position of rivals in ways inconsistent with maximizing the wealth of one's own shareholders, provide excess rewards, pecuniary or otherwise, to the top management coalition that effectively controls the corporation, or use economic power to influence public policy via the political process, that is, expenditures on lobbying, advocacy advertising, public relations and campaign contributions, and to have the ability to redirect corporate locational decisions. None of these problems are dealt with in the Bill before us.

The question the amendment seeks to have reviewed is not one which lends itself to a handy formula. We recognize that we are dealing with a highly complex problem. The merging of Imasco and Genstar was the merger of two large companies into the tenth largest in Canada with its own captive financial

Competition Tribunal Act

arm that has already been self-dealing on behalf of its parent. Such a transaction should be reviewed. We believe the director should have considerable discretion in choosing the conglomerate merger he wants to bring to the tribunal. The amendment which I am proposing would give a director that discretion.

● (1150)

The amendment I am proposing is not one which comes from the far left. It deals with the type of problem which was raised by a number of the witnesses who appeared before the committee, including Professor Stanbury. It deals with the type of problem that Jack McArthur, who writes on business and financial affairs for *The Toronto Star*, dealt with in a column which appeared in that newspaper on March 23, 1986. He pointed out in the article that we have multi-company mammoths bidding for more, for example, the Reichmann group and Power Corporation. He pointed out that the Reichmanns seek control of Hiram Walker Resources and its \$6 billion empire. We know that that proposal, indeed that control, has now been obtained by the Reichmanns and part of that control is being challenged by Allied-Lyons.

Mr. McArthur also points out in his article that the Reichmann holdings, among others, include a vast real estate operation, Gulf Canada and Abitibi, the world's largest maker of newsprint. He points out that Abitibi and Gulf ranked in the top 50 on last year's list of our largest industrial corporations. He then points to other large conglomerates such as Canadian Pacific, which he says is one of our largest in transportation, mining, forest products, oil and gas, among other things. Bell is biggest in telephones and technology, significant in real estate through its ownership of Daon and Bell Canada Enterprises and large in computer retailing where its Computer Innovations has bought out a competitor. He says that we have the Edper-Brascan Bronfmans who are far-flung in mining, forest products, insurance, trust operations, oil and gas and others. Weston-Loblaw has scores in the ranks, including leading food processors and suppliers of goods to food processors and others. The Thomson conglomerate has newspapers, insurance, real estate, oil and gas and The Bay, Simpsons and Zellers stores. Power Corporation has Consolidated Bathurst in forest products and containers, Great West Life, Montreal Trust and Investors Group. He states:

Most have links with one or more of the others, some worth hundreds of millions of dollars. This raises the fear that some of the inter-empire competition won't be hot.

That is precisely why I have moved the amendment I have moved. He continues:

All are ambitious for takeovers. Ottawa fuels the fire by showing it will stand for almost anything. It seems to throw cold water only if a case causes enough controversy to be embarrassing politically.

I point to the opposition of some Conservative members of the finance committee to the takeover of Genstar and Canada Trust by Imasco. Mr. McArthur states:

This is an aimless, unprincipled way of proceeding—and can't last, which is why the ambitious are shopping feverishly.