

The Canadian Economy

this motion is the great number of mergers that have taken place in corporate structures in Canada in the last few years. While it is true that these mergers are taking place, the fact that they do take place is not necessarily bad. Also, the fact that some of these mergers may involve the takeover of Canadian companies by foreign-owned corporations is not something which can be controlled through competition policy. I am sure the hon. member is aware that the Minister of National Revenue (Mr. Gray) is conducting a study to determine in what ways and by what means we can control the evergrowing encroachment on the Canadian economy by foreign owned corporations.

The report of the Economic Council of Canada does not suggest that we do this through a revised competition policy. I believe it would be of value to refer to this report and to quote directly from it. I quote from page 113 of the Interim Report on Competition Policy of the Economic Council of Canada:

The previous Chapter emphasized that the basic reason for public policy to be concerned with mergers is that in the majority of cases they result in permanent changes in the structure of industry—changes that may have important implications for the future performance of the economy.

This does not mean that mergers should be prevented in order that we may exercise a greater degree of control over our economy and prevent foreign firms from taking over Canadian firms. That is not the sense of this statement. The report continues:

These implications may be for good or ill or a mixture of both, and can usually be foreseen only very imperfectly. On the good side, mergers may be an important means by which owners who wish to divest themselves of a business or part of a business can do so with a minimum of disruptive economic effects. They may also be the most appropriate means of achieving certain cost savings, or of bringing about industrial reorganizations made necessary by changes in patterns of demand or in the technical conditions of production. On the bad side, mergers may bring about significant increases in market power capable of redounding to the disadvantage of consumers, and that can be extremely difficult to reverse or offset once the merger has been completed.

I wish to reiterate that the council was not concerned in this report about the aspects of foreign ownership which can sometimes be tied to mergers. I gather from the statements of the hon. member that this is his particular concern.

The first point I wish to make is that the 40 submissions referred to by the Economic Council of Canada were not really submissions to the council for its review of Canada's competition policy. In the introduction to the Interim Report on Competition Policy dated July 1969, the council made it perfectly clear that the 40 submissions which were received were in connection with the whole of its consumer affairs reference and not just competition policy. This reference by the federal government, dated July 22, 1966, requested the council and I quote:

In the light of the Government's long-term economic objectives, to study and advise regarding:

(a) the interests of the consumer particularly as they relate to the functions of the Department of the Registrar General (now the Department of Consumer and Corporate Affairs);

[Mr. Sulatycky.]

(b) combines, mergers, monopolies and restraint of trade;
(c) patents, trade marks, copyrights and registered industrial designs.

The council has been carrying out this reference on the basis that it will issue a total of four reports. This is specifically set out in the Interim Report on Competition Policy. The first two reports have already been made. The 40 submissions to which reference has been made cover the whole range of the four reports, not only the second report on competition policy.

The first report was the Interim Report on Consumer Affairs which was published in 1967. The second report was the 1969 Interim Report on Competition Policy. The third report will be an interim report on the various aspects of industrial and intellectual property covered by paragraph (c) of the terms of reference. Finally, there will be a fourth and final report which will contain further observations and recommendations, notably on the subject of consumer affairs. It will contain a general summing up of the interrelations between the three main elements of the reference and their place in the broad spectrum of government economic policies.

Shortly after receiving the reference, the council advertised in the media across Canada its readiness to receive written submissions from individuals and organizations with regard to any of the areas to be studied. Nearly 40 such submissions were received. These are presumably the 40 submissions referred to in the motion of the hon. member for Winnipeg North. The council did not undertake to make any of these submissions public. Their invitation was couched in language which would lead the persons submitting briefs to expect that they would be held in confidence. In any event, there were not 40 submissions relating to the report on competition policy. As already noted, some of them deal with subjects about which the council has not even reported.

I suppose it would be possible for the council to identify those portions of the briefs which deal with the competition policy and to secure the approval of each of the contributors to having these portions tabled. What purpose such a tabling would serve in connection with an understanding of the council's report on competition policy is very obscure. After the council made its Interim Report on Competition Policy, the Minister of Consumer and Corporate Affairs (Mr. Basford) extended a similar invitation to all interested parties to make representations with respect to the council's findings and recommendations. A considerable number of such briefs were received.

On December 11, 1969, a motion was made by the hon. member for Waterloo (Mr. Saltsman) requesting copies of all these representations. Subject to agreement being obtained, from those who made these submissions, the minister agreed at that time to table all these documents. In due course agreement was obtained from all of the parties involved to the tabling of the documents and they were all duly tabled on April 29, 1970. Accordingly, it seems very likely that virtually all the substantive representations made in respect of competition policy as such have already been made available to the House as a