

international marketplace. It could be argued that the efficiency and export objectives of the Competition Act reflect these interests.

In The Competitive Advantage of Nations, on the other hand, Michael Porter argues that a "strong antitrust policy, especially in the area of horizontal mergers, alliances, and collusive behaviour is essential to the rate of upgrading in an economy".<sup>80</sup> In his review of the Canadian economy, Professor Porter notes approvingly that:

the Competition Act significantly and appropriately strengthens the federal government's ability to enforce more vigorous domestic competition. In most respects, Canada's laws now meet the standards set by U.S. anti-trust laws, which are the strongest in the world.<sup>81</sup>

Professor Porter notes with concern, however, the existence of the efficiency exception in the Competition Act because it could have a negative impact on domestic rivalry, especially if it were used broadly to permit mergers among industry leaders.

I would tend to agree with Professor McFetridge that Professor Porter's analysis does not support the conclusion that strong antitrust enforcement causes competitive advantage.<sup>82</sup> Japan has not been noted for its vigorous antitrust enforcement when compared, for example, to the United States. Nevertheless, this does not mean that competition in that country is absent. Rather, competition may express itself more in the long term and through the use of voice rather than exit relationships (e.g., automobile industry). These more productive relationships may account for Japan's "competitive advantage".<sup>83</sup> Until 1990, Italy did not even have a competition law, yet Professor Porter notes that "the real driver of Italian success in many industries is extraordinary rivalry. Almost every internationally successful Italian industry has several if not hundreds of domestic competitors."<sup>84</sup>

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<sup>80</sup> Michael E. Porter, The Competitive Advantage of Nations, New York, The Free Press, 1990, p. 663.

<sup>81</sup> Michael Porter and the Monitor Company, Canada at the Crossroads: The Reality of a New Competitive Environment, Business Council on National Issues and Minister of Supply and Services, 1991, p. 333.

<sup>82</sup> Donald G. McFetridge, "Globalization and Public Policy", Bell Canada Papers on Economic and Public Policy, September 17-19, 1992, p. 6.

<sup>83</sup> "Voice" relationship refers to communicating and working with a supplier as opposed to "exiting" from a contract when its conditions are not adequately fulfilled. See, for example, Hiroyuki Odagiri, Growth Through Competition, Competition Through Growth: Strategic Management and the Economy in Japan, Clarendon Press, Oxford, 1992, pp. 364.

<sup>84</sup> Michael E. Porter, The Competitive Advantage of Nations, New York, The Free Press, 1990, p.447.