

*Combines Investigation Act*

thus cutting into the amount of lumber that had been exported from Canada prior to 1954. I have not been in Russian nor have I worked in industry there, so I have no personal knowledge of these facts, but it is generally understood that Russian exports are controlled by a state organization. They have no worry about profits; they have no worry about costs of production; they have no balance sheets which have to be totalled up. The cost of production can be absorbed by society as a whole. The selling price in the world market means, in fact, relatively little.

Canada cannot possibly compete with the Soviet union in world markets because of the system under which the Soviet operates. When it comes to Sweden and Finland undercutting us because of wages, that is another matter. The natural implication of Mr. Nicholson's remarks is that if wages are the only factor, then one solution perhaps would be to reduce wages here to a point where they were comparable with wages in other countries so that we would be able to compete on price. Alternatively we could increase our productivity to the point where we were producing units of wood or whatever it was, say 1,000 board feet of lumber or squares of shingles, at lower per unit costs and then we would be in the position where we could compete. None of these things can be accomplished by an amendment to the Combines Investigation Act.

If it is desired to tackle this question through the Combines Investigation Act, then this amendment fails to meet the problem because it refers only to those exemptions connected with price conspiracy under section 32, which covers agreements between so-called competing corporations. There is no reference whatever in the minister's amendment to the activities of monopolies in the export market. It is true that a monopoly, because there is only one corporation, would have difficulty in conspiring with itself to set prices. It is an automatic action that a monopoly takes to meet these conditions. However, a monopoly does operate in the export markets, and that fact is not dealt with in this amendment.

Then we have to consider the problem of the merger of two companies in the export field. Suppose there were two competing firms, Anglo Canadian Fish Company and B. C. Packers or any other two fish companies or two lumber companies, which entered into a conspiracy in relation to the export of articles, and that conspiracy had no deleterious effects on the domestic market. For the sake of argument let us say that the conspiracy with regard to the export market was protected by the proposed amendment

to add subsections 4 and 5. These two companies merge, and they are still engaged in export trade. There is then no conspiracy, because the companies have merged and there is now a monopoly or price leadership situation. What is the position of these companies in so far as the Combines Investigation Act is concerned?

As I understood the amendment originally proposed by the hon. member for Bonavista-Twillingate in the banking and commerce committee, it dealt with mergers and monopolies as well as price conspiracies. It appeared to cover the whole range of illicit corporate activities with which this Combines Investigation Act seeks to deal, apart from the resale price maintenance and price discrimination provisions. These are matters which I think should be dealt with and answered.

There was one other matter which I raised and upon which I was not satisfied with the answer given to me by the minister last evening. I think perhaps the point I made is still valid and I should like to reiterate it. In paragraph (c) of the proposed subsection 5 which is before us it is stated:

(c) has restricted or is likely to restrict any person from entering into the business of exporting articles from Canada;

My contention was that there could be some conflict between that provision and the provision in subsection 3 of section 32, which reads in part as follows:

—has restricted or is likely to restrict any person from entering into or expanding a business in a trade or industry.

It was my thought that the minister should have included these words "or expanding a" also in (c). The minister maintains that these things are dealt with in other paragraphs. He mentioned that paragraph (a) contains protection in this regard when it talks of reduction or limitation of the volume of exports of an article. I believe he also made reference to paragraph (b) in which the language used is:

—has restrained or injured or is likely to restrain or injure the export business—

It could be interpreted to mean that if it prevented the expansion of business, therefore it meant to restrain or injure the export business of any domestic competitor who is not a party to the conspiracy, but I think for soundness and for sense my suggestion should be followed. There is a connection between the activities of corporations which conspire to set prices, to limit production, to limit supply or to do any of the other things prohibited in subsection 1. There is a connection as to whether these activities are in the export field or whether they are solely in the domestic field or whether they are