

Competition Tribunal Act

the financial sector. It is the fourth largest holder of personal savings accounts in Canada after the Royal Bank, the Bank of Commerce and the Bank of Montreal, and it is Canada's largest mortgage lender.

To be sure, this company is reputable. There is no reason to anticipate any conflict of interest except that in this situation there surely is the potential for conflict of interest. Managements do not stay forever. People move, people change, circumstances change. One would have to raise a question about the wisdom of having a company which is itself involved in development also having a large mortgage company. It may very well be and probably is the case that all people concerned will always be absolutely objective in their lending practices, but the potential for problems exists.

Imasco's extensive holdings include Imperial Tobacco, Shoppers Drug Mart and Hardee Food Systems in the United States. It is about 40 per cent British owned but was deemed Canadian under Investment Canada rules and therefore the Genstar acquisition could not be reviewed by Investment Canada. It also qualifies as a Canadian company under the present trust company law. It has total assets of \$2.8 billion so it is really very small compared to Genstar. It is like having a snake proposing to swallow an elephant. The takeover is being funded by a line of credit with Citibank.

This may prove to be a situation from which Canadian consumers and Canadians generally will benefit, but that has to be proven. Surely the risks as spelled out by the Finance Committee and by so many witnesses are such that a careful examination is required. Imasco was prepared for that examination. It notified the Minister of State and her officials of the proposed takeover bid before the bid was made public. It offered to provide documents and to participate in a review on the same terms as if the legislation which was tabled this morning by the Minister of State for Finance and has been available as draft legislation since November 29 were already in law.

Presumably the Minister's officials acted on this offer, although the Minister was less than forthcoming during Question Period today. Since Imasco is proceeding, presumably it has been encouraged to proceed by Department of Finance officials. If so, the House is due a very full explanation of the reasons for that approval. There may very well be sound reasons, but there are also sound reasons why it is not a good precedent and why it flies in the face of the advice received by the Finance Committee from many, many sources and the advice which the Finance Committee gave to the Minister.

● (1730)

Mr. Hovdebo: Mr. Speaker, I was interested in the comments of the Hon. Member about the merger involving Imasco. Does she see any particular value in this merger? Will any new jobs be created? Will consumers receive the benefit of lower priced products? Will there be better control of pollution? Will there be less waste in the country? What are the

good things in this merger for which we might look, if we were to be generous?

Miss Nicholson (Trinity): Mr. Speaker, indeed that is a central question. As I said earlier, the experience has not been such as to inspire confidence that these mergers bring good things. We have not seen evidence that they provide jobs, greater innovation or greater R and D. However, we have seen great evidence of potential for problems.

I do not know how it would benefit someone who has a savings account in a trust company to have the trust company amalgamate with non-financial firms involved in fast foods, tobacco and construction. I would think that there would be certain hazards or risks in the lending practices being skewed to the needs of the corporate cousins rather than to the needs of the depositors or shareholders. Until such time as the Minister is prepared to show us some of the advantages which Imasco has demonstrated to her, which are encouraging her to approve this merger, I am unable to say that I can see any advantages in it.

Mr. Hovdebo: Mr. Speaker, I should like to deal with the other side of the question. Because in many cases these are international corporations, I suppose one could say that there is the possibility of ripping off consumers by charging a higher price than is required for consumer products. Because of these interlocking directorates or these large mergers which control several kinds of companies, are there any teeth in the Act which would allow the Government or the regulatory body to take action?

Miss Nicholson (Trinity): Mr. Speaker, I think the Act as it is before us is an improvement of the present situation but it needs to be strengthened somewhat. I should like to see some further changes at committee stage. I am sure the Minister will be open to amendments and suggestions for improvement at committee stage. I think it is a useful first step.

Mr. Alan Redway (York East): Mr. Speaker, I am pleased to have an opportunity to rise in the House this afternoon in support of Bill C-91, an Act to establish the Competition Tribunal and to amend the Combines Investigation Act and the Bank Act and other Acts in consequence thereof.

This piece of legislation is really the culmination of a great many efforts over a long period of time. It is a culmination of efforts aimed at reforming the law as it relates to monopolies and mergers which restrict competition. That is not to say that the principles of this law are aimed at allowing competition just for the sake of competition. This law is certainly not aimed at glorifying the concept of competition. However, over many hundreds of years now economists have been telling us that competition is one of the keys to having an economy which works and benefits consumers, to having an economy where consumers can buy products at the lowest price, have a wide choice of products and at the same time have a better quality of products. That is the aim of this Bill. It is trying to allow for competition in order to benefit the consumer. Of course, the