

Competition Tribunal Act

I read a speech earlier today by the President of the National Research Council. He put out some very interesting statistics comparing Canada to other countries in the area of research and development. The amount that is being spent in this country by corporations and government on research and development is minuscule compared to that which is being spent by countries like Japan and West Germany, our major competitors.

We are moving into a very competitive situation in the world economy. Our relationships are getting more personal and closer all the time. We are heading into a very tough international economy. Rather than shuffling stock and carrying out takeovers, we require some imagination of large corporations in Canada to create the technology and jobs which are needed. Although that is what is required, it is not what is happening.

● (1230)

I also want to make this point. About 80 per cent of all new jobs in Canada are going to be created by small business. I am talking about businesses whose annual income is something like \$2 million and employees numbering in the tens. That is the kind of business we have to look to for the creation of new jobs. That has been adequately documented by John Bulloch and any number of other people speaking on behalf of small business in Canada. Yet smaller companies are being squeezed out of the market-place, if not gobbled up, by the corporate takeovers that are now going on.

The real threat as a result of the kind of corporate concentration which is now going on is the threat to small business. Another effect I see deals with the regions. Not only is there a concentration of economic power in a smaller number of companies, there is a concentration of economic power in certain regions, indeed certain cities, to the detriment of most other regions. Those of us who come from rural Canada and represent small communities know the great danger in being at the mercy of a giant corporation. We have seen it over and over again. In my own Province of Newfoundland the giant corporation Bowater saw its mill in Corner Brook as being at the lower end of the chain. It did not do any R and D, reinvestment or retooling. It did not keep up to date with technology. As a result, the mill was not competitive. It did not matter to that giant corporation but it mattered to the community concerned. Then that giant corporation closed the mill down, pulled out and left the city at the mercy of whoever. More and more we are at the mercy of large corporations. We feel it more and more in the rural regions and small communities. The mill was taken over by a smaller company and is operating today, but not under the aegis of that large corporation. That is why I see a real danger here.

I can point to other examples in certain regions where people have been at the mercy of large corporations. They see us merely as a cog in the wheel, an unimportant contributor to their financial success. However, the mill or plant concerned means a lot to its local community.

Another effect of all this concentration of corporate power is the effect on consumers. Obviously in this situation competition is lessened. The incentive to improve service or products is

lessened. That has an effect on prices. Take oil and gasoline for example. Gasoline prices in the U.S. went down much more rapidly than in Canada because there is a great deal more competition in the U.S. Here we have really only four major refineries, Esso, Gulf, Texaco and Petro-Canada. There is less incentive to change because of the lack of competition.

I believe there is room as well as a need for big business. Obviously there are projects which can go ahead only through the use of massive amounts of capital. However, I think the pendulum has swung too far. The situation is too serious and curbs have to be put in place in the interests of the small businessman and the consumer. I support this amendment because I believe it brings a measure of balance to the Bill which is not there now. I urge my colleagues to support this and other amendments which will be forthcoming because they will give us a better Bill, one that is in the interests of all business in Canada, particularly small business and, in the final analysis, in the interests of the Canadian consumer.

Mr. Nelson A. Riis (Kamloops—Shuswap): Mr. Speaker, I want to make a few comments in the debate on this important amendment put forward by my colleague from Winnipeg North. We are discussing today probably one of the most important issues for the Canadian economy, that of corporate concentration. I want to begin by reminding the House of a unanimous motion put forward twice by the Standing Committee on Finance and Economic Affairs not many weeks ago dealing with the Imasco takeover of Genstar. That transaction also involved the takeover of Canada Trust which was, as a result of expansion, one of the largest financial institutions in Canada.

The concern raised by the committee dealt with a non-financial corporation taking over and controlling a financial institution. In other words, a corporate conglomerate now had its own lending institution. At the same time, as we all know, it is planned that trust companies expand their commercial lending activities. Traditionally, of course, they had been very restricted in that area, but I think it is the will of everyone, quite frankly, to bring more competition to this part of the economy.

The committee thought about it for many weeks. We heard from many experts in the field of corporate concentration, and corporate activity generally. While not being quite unanimous, certainly the overwhelming majority indicated that the Imasco takeover was not in the best interests of Canada and Canadians. For an industrial conglomerate to have its own financial institution at its disposal would give it more economic power and, by implication, more social and political power. We have heard many times in this House and elsewhere how the major companies listed on the Toronto Stock Exchange, the TSE 300, the most powerful companies in Canada, are controlled by a handful of families. In other words, we have a sort of economic mafia, in the most positive sense of that term, extending its tentacles, and more and more power is falling into fewer and fewer hands.