

# Monopoly and the Covid Recovery

CANADIAN ECONOMICS ASSOCIATION  
PROGRESSIVE ECONOMICS ASSOCIATION  
PANEL: HOW TO BUILD A MORE JUST AND RESILIENT  
ECONOMY POST-PANDEMIC  
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PRESENTED BY: ROBIN SHABAN  
CO-FOUNDER AND SENIOR ECONOMIST

# Monopoly vs. Fairness

## Statistics Canada's **Characteristics of businesses that closed during the COVID-19 pandemic in 2020:**

- In April 2020, “more than 100,000 employer businesses (13.6% of active employer businesses in February) closed”
  - More likely to be recent entrants (31.4%).
  - Younger, have fewer employees, less assets, more debt, less liquidity, and less profitable.

Monopoly (dominance) creates the conditions for market power.

Market power is a mechanisms of inequality, enabling businesses (wealthier interests) to extract income and wealth from others further down the distribution.

We need equitable markets to ensure that corporate power does not disproportionately reap the benefits of the recovery and government stimulus.

Concentration in half of Canadian industries had increased by 40% since 1998. One-third of Canadian industries saw concentration increase by over 50% (Bawania & Larkin, 2019).

- Publicly traded Canadian firms in highly concentrated industries have also seen a significant increase in profitability. This is likely driven by firms' ability to extract higher prices, and not efficiency gains.

Absent excessive market power, the incomes of the poorest 20% of Canadians could be 20% greater and the wealth held by the top one percent could be 24% lower (OECD, 2017).

# Building a Just and Resilient Economy

The Competition Bureau recently held its **Competition and Growth Summit**, with a focus on “the role that competitive markets can play in driving economic growth in the wake of the COVID-19 pandemic.”

A key theme **using competition policy to promote equitable outcomes.**

- protecting vulnerable groups from market power.
- US authorities enforcing the law in labour markets.
- Using data to target law enforcement action and protect marginalized groups.

Commissioner of Competition claims that Canada has “many powerful tools” for addressing equity in the economy.

Canada funding the “OECD Gender Inclusive Competition Policy project”, examining how a gender lens could help deliver more effective competition policy.

# Legislative Barriers

To promote a just and resilient economy through anti-monopoly law, we need legislative reform.

Current policy debates in the space do not address legislative reform for two reasons:

1. The Bureau does not have the authority to speak on legislative reform as a direct subsidiary of ISED, and
2. capture in the space by corporate interests.

We need more public dialogue on these issues.

The Commissioner's claim that the Competition Bureau has "very powerful tools" for promoting equity in our economy is not substantiated.

While there is interest in promoting a just economy, we do not have the tools to put this in practice.

## Current shortcomings

### 1. **Weak competition laws that undermine workers.**

- Collusive agreements to fix wages are not criminal under our law, even through they are in the US.
- The efficiencies defense for mergers allows anti-competitive mergers if they generate substantial layoffs.
- Our purpose statement does not permit a social justice perspective.

### 2. **Underenforcement of the law in labour markets.**

- I find no evidence that the Competition Bureau has ever investigated anti-competitive conduct in labour markets.

### 3. **Limited access to data.**



- Canada lacks the same powers to compel information from businesses as competition authorities elsewhere. The Bureau cannot get the data it needs to target enforcement for marginalized groups.

# Thank You



VIVIC RESEARCH  
123 SLATER STREET, 6<sup>th</sup> FLOOR  
OTTAWA, ON  
K1P 5H2

(613) 898-0026  
VIVICRESEARCH.CA  
HELLO@VIVICRESEARCH.CA

    HELLOVIVIC