

POLITICS

The concentration game

Canada has an oligopoly problem—and we need to fix it

IN THE FIVE YEARS THAT I'VE LIVED IN TORONTO, many of my phone conversations have started the same way: "Are you calling me from Saskatchewan?" the person on the other end will ask after seeing my caller ID.

No, I tell them, I kept my Saskatchewan number because I can't get a phone plan anywhere near as cheap in Ontario. It's also my way of staying out of the clutches of the Canadian wireless oligopoly.

That Canadians are getting hosed on their phone plans isn't news. Canada has some of the highest wireless prices in the developed world. The Big Three national telecoms—Bell, Rogers, and Telus—claim this comes down to the size of the country, its spread-out population, and how much they've invested in building advanced wireless infrastructure.

But Saskatchewan is about as large and sparsely populated as it gets, and somehow the province's government-run telecom, SaskTel, offers cheaper plans with the same high speeds and fewer data caps than what's available in other parts of Canada. This has also forced other telecoms in the province, like Rogers and Telus, to compete on price; according to a 2017 government-commissioned wireless study conducted by consulting firm Nordicity, phone plans offered by the national carriers in Regina are on average \$30 to \$40 cheaper than those offered in Halifax, Toronto, and Vancouver. And across Canada, prices tend to be lower where there is a regional competitor.

There is no reason the Saskatchewan model can't be applied on a national scale: a crown corporation that provides fast, affordable wireless services. It's an idea that crops up from time to time—as in 2013 when the Stephen Harper government was trying to entice U.S. telecom giant Verizon to enter the Canadian market. The Communications, Energy and Paperworkers Union of Canada (since merged with the Canadian Auto Workers union to form Unifor) suggested the federal government instead establish "Canada Wireless" to provide the competition it was looking to import.

Such an idea seems like a no-brainer. Internet access and mobile technology are an essential part of modern life, and the current system places undue financial burden on people who require those services while funnelling the profits to a select few private companies.

But Canada's oligopoly problem extends beyond the telecom sector.

Who can forget the cozy price-fixing scheme Loblaws and its major competitors had going for 14 years, before a pang of conscience brought about an admission from the grocery chain that they had systematically overcharged all of us for bread? According to analysis by *Macleans*, a typical one-loaf-a-week household may have spent nearly \$400 more on groceries as

a result of this industry-wide collusion. (It's okay, Loblaws offered people \$25 gift cards as penance.)

The banks, too, have been ripping us off. In addition to ever-increasing fees we pay for the use of our own money, a series of CBC investigations in 2017 found frontline employees were under constant pressure to upsell and even trick customers into new products and services, all to meet crushing sales goals. Is it any wonder then that the Big Five banks—RBC, TD, Scotiabank, BMO, and CIBC—consistently report record profits?

The problem might be worst in Canadian media. An industry already struggling with the loss of traditional advertising revenue has been further diminished through the greed and mismanagement of the few companies that have a death-grip on print, radio, and television markets. The result is a steady drumbeat of layoffs, mergers, closures, and the decimation of vital information sources. The free press is supposed to be the lifeblood of democracy, but those who run it are happy to act as vampires, extracting as much value as they can for as long as possible. Perhaps the most brazen example of this behaviour came when Postmedia and TorStar, the two largest Canadian newspaper chains, swapped ownership of 41 newspapers only to shut half of them down, limiting what little competition existed in some areas.

There *are* signs the tide is turning. In the United States, the dominance of a handful of technology companies like Facebook, Google, and Amazon has started to ring alarm bells, and there is a growing chorus of people calling for the tech giants to be broken up. That same conversation is badly needed in Canada, where oligopolies are arguably even more powerful.

Luckily, there's no shortage of ideas to right the scales. In some cases, the answer might be a public option, like a Canada Wireless to compete against the telecoms, or introducing postal banking to offer a means of accessing financial services without being forced to use big banks or even less scrupulous payday loan operations. Or where public alternatives exist, like the CBC, it requires us to fight efforts to kill it and sell off the pieces (as conservatives have demanded for decades) and insist on greater investment in public and alternative media to counterbalance the imploding media giants. We can also make it easier for workers to unionize or form co-operatives, thereby reintroducing a measure of democracy into economic decision-making. Where necessary, the government should break up monopolies, or at least regulate them much more stringently.

Above all, what is really needed is for people to make the case—to properly diagnose the problem of corporate dominance and propose bold alternatives to the status quo. Even so-called progressive politicians have largely stopped talking about how unchecked corporate power undermines the public good, leaning instead on the wishy-washy language of consumer protection. But this is more important than a customer service complaint—it's about what it means to have true democratic control over our lives.

— ISHMAEL N. DARO