

Combines Investigation Act

the following events taking place, and they serve to illustrate we have come a long way since 1952. In 1957 there were 2,557 bakeries in Canada of which approximately 2,400, or 94 per cent, had the owner working in the enterprise. By 1971 there were only 1,824 bakeries and 1,414, or 78 per cent, working owners. The situation in the dairy industry is even more startling over this period, with the total number of dairies declining by over 60 per cent. Since 1969 the number of chain stores, as a percentage of the total number of stores, has increased in every area, be it grocery and combination stores, general merchandise stores, hardware stores or jewellery or drug stores.

● (1610)

So what we have in this period of the monopolies is the destruction of what has been held to be hallowed by every member of this House, the free enterprise system. It would seem strange that a socialist should be standing in this House arguing the case of the so-called free enterprise system. It is rather interesting to note that those who represent the corporate sector—the hon. member for Edmonton West (Mr. Lambert) is a perfect example—will always argue, when these companies become more monopolistic, that the punishment should be cut down in respect of those who breach the law. We have heard this in the committee and elsewhere. They want this sidetracked.

One argument that is put forward is that the matter should go to the Supreme Court for a constitutional judgment before it is proclaimed and put into practice. That is the same that is played. Here we have a predatory pricing practice, that of loss leaders. I challenge any member of the House to say that loss leaders are not a predatory practice and that this is a practice which encourages free enterprise. I question that.

Mr. Lambert (Edmonton West): Do you and your wife not buy any loss leaders at all?

Mr. Rodriguez: By using loss leaders and other illegal practices, some companies have been able to drive others out of business or severely limit access to the market. In the 1950s, for example, when Lestoil came on the market, it did a booming business. The large soap companies replied with products of their own, with massive advertising budgets and sale prices which almost caused Lestoil to go bankrupt. As a result, according to David Ogilvy in his book "Confessions of an Advertising Man", a war chest of \$10 million would now be required to launch a new brand in this area. At the wholesale level, in Canada in 1973, two major eastern Canadian integrated wholesaler-retailers engaged in a price war on tobacco products. The main result of this battle was the closure of two independent tobacco and confectionery distributors. While the case is apparently under investigation, nothing will ever replace the two lost wholesalers to the market.

But of all the areas in the economy, it is the chain food stores that have made the most effective and destructive use of loss leading. The hon. member for Edmonton West talks about wage and price controls, yet they are prepared—

Mr. Lambert (Edmonton West): I said that you buy loss leaders every day.

[Mr. Rodriguez.]

Mr. Rodriguez: —to accept the injustices which are permitted by the use of loss leaders in an area which is very essential to the large mass of the Canadian people, the food industry. The hon. member knows full well that loss leaders are used extensively in the food business, and I call upon any member of this House to prove that this is ethical.

Mr. Lambert (Edmonton West): You buy them every day because you get a bargain.

Mr. Rodriguez: Where are the corner stores? Why is it necessary for one to drive 50 miles to a shopping centre where there is only one supermarket? Every time the corporate sector is challenged, you jump to their defence and hold their hands. It is in the area of the food stores that the greatest rip-off takes place and where there is the great predatory practice of loss leading.

Today, corporate chains control 40 per cent of retail sales with only five firms controlling 40 per cent of the grocery sales. One corporate group in the food industry controls over 200 companies, while another owns 32 shopping centres where they are the only food store.

In the United States, a federal court has pointed out that if a chain store sets its prices below cost in one area, there is an almost irresistible conclusion that its prices in another area will be raised to compensate for the loss. The supreme court of California has held that the reason a large retailer offers merchandise at less than cost is for the purpose of deceiving its customers into believing that the seller is offering all his goods at low prices, when in fact the majority of his prices are at least as high as those prevailing generally in the trading area, and sometimes even higher. Prices may indeed be higher if we remember that supermarkets operate on a total gross margin for their store, irrespective of individual product prices. Thus, a customer saves nothing if he purchases at a store offering a loss leader, if any saving on that product is merely averaged over the rest of his food bill.

Consumers are urged to shop at several stores to obtain the best bargains in loss leaders at several stores, but supermarkets make sure that they are the only major food store in a particular shopping centre. Have you ever seen a shopping centre with two large supermarkets competing vigorously for the consumer's buck? I have not seen it in Sudbury, nor in any part of my riding. I am sure members of this House could not point out two competing supermarkets in the same plaza.

Supermarket chains get prime positions in shopping centres because they advertise most, make the most sales and thus can afford the most rent. Considering that often the parent companies of the supermarkets own the shopping centres anyway, even this ability to pay more rent may not be necessary to offer these chains their growing monopoly position. When a chain owns the only food store in a 70-store shopping centre, and when that chain has 20