

Combines Investigation Act

about his amendments. He rolls out words such as loss leading, predatory pricing, trans-national corporations, multinational corporations, supermarkets, old-line parties, and small businessmen all under the same heading and does not come up with very much logic. I have listened to the hon. member for a number of years in this House and I have come to the conclusion that if he and his colleagues had their way they would strap the business community into an electric chair and ask them just one question, "Do you want AC or DC?" That is about the extent of the logic behind some of the amendments the hon. member proposes.

When we deal with the matter of loss leading, as this amendment suggests, we are delving into a whole series of retail pricing practices, and we are on very dangerous ground when we get into that area. Considering the operation of small retailers, I am sure all of them, including the corner variety store, put on loss leaders at one time or another. The inference in the remarks of the hon. member is that large supermarkets, as he calls them, or large merchandises, as he calls them, buy certain products and decide to sell them at cost in order to attract other business into their stores. This may well be the case: they may make a decision along that line. But if we support this amendment, we put in jeopardy all the other retailing practices which retail stores and retail outlets use.

For instance, what can be done with Christmas cards left over after December 25? There is not a store in the country which does not sell them at a greatly reduced price. We could say that that is a loss leading practice. We could say that that is making it difficult for small variety stores or gift shops which sell greeting cards. We could say the same thing at Hallowe'en with regard to candy which is left over and which is sold at give-away prices. We could say that is loss leading and that it is working against anyone else in the candy business.

This line of reasoning can apply also to the haberdashery business where the haberdasher will buy a job lot of shirts or ties and in his retailing practise will calculate what his cost is and how many products he has to sell in order to recover his cost. Then from that point on, whatever he sells them for is profit. What does he do at this stage? He has a sale. If we accept this amendment, anybody who puts a sale on in a retail store, or any wholesaler who wants to clean out a line of merchandise in order to bring in a new line, could be brought in under the umbrella of loss leading; somebody would accuse him of loss leading.

● (1640)

I have a great deal of sympathy for the small retailer, Mr. Speaker, and I listened very carefully and read the briefs presented to us in the committee. Mainly they were talking about the sale of cigarettes and chocolate bars and were trying to cover the whole spectrum with those two lines. But the small corner store has many things working against it. It may be in a municipality where suddenly the street is made a one-way street and a lot of the traffic that would normally stop at the store goes the other way. Or a municipality may say there is to be no more parking on a particular street and the small retailer either has to buy a piece of property for a parking lot or move his store.

These are all hazards of the retailing business, and I have a great deal of sympathy for the people concerned. I think if we went along with this suggestion and accepted this amendment, however, we would be getting ourselves into a real mess. In order to police it, we would need three times the staff that the Department of Consumer and Corporate Affairs already has. I understand that when we come to phase two of the legislation we will consider loss leading again, and I suggest that the hon. member has not delved deeply enough into the subject. He has looked at it superficially and does not realize all the implications of trying to legislate loss leaders.

What is selling at a loss? Everybody has a different way of calculating overhead. There are few accountants who will agree with a hardnosed businessman on how to calculate overhead. I have had many discussions on this subject with accountants. They say that you take the square foot area of the store, figure out heat, taxes and all fixed expenses and divide them into the area, which gives you the cost per square foot, and each square foot has to produce so many units of profits—each square foot must bear its share of overhead.

This is the socialist way, the pure way of looking at things; but the fellow running the retail store is an entrepreneur. He has to pay taxes, heat and air conditioning in summer, but he accepts those things and does not want to get mixed up with square footage so he will come up with a different calculation of overhead. The method of calculating profit and loss is therefore going to be different from one retailer to another, and I think this is dangerous ground for us to move into.

I agree with many of the things we have done in this legislation. I think we have taken some constructive steps. I hope we can get this bill finished up by tomorrow night and get on with the next phase, so that at least this section can go into the marketplace to see how it works. If we find there are inequities, we can bring back the legislation and amend it.

At this point, Mr. Speaker, I would hesitate to support an amendment of this type on the grounds that we are really doing something for the consumer. We are in a period of inflation, when consumers are calling for lower prices, yet here is a member of the socialist party telling us not to allow them to have lower prices. That type of reasoning does not get through to me at all.

An hon. Member: We will send your speech out.

Mr. Kempling: Send my speech out if you like; I am sure your people will enjoy reading it. The last time I spoke following the hon. member for Nickel Belt I received six letters of congratulation saying, "You are the first one who has stood up and knocked some sense into these socialist heads."

Some hon. Members: Hear, hear!

Mr. Leggett: They were from his mother, his father and his daughter.

Mr. Kempling: They were all from Sudbury. I do not believe I can support this amendment, Mr. Speaker, and I think my colleagues in this party agree with me. I think it best to leave the legislation as it is. We will look at it again