Since it has been definitely stated that there is a profit on the Great A. & P. Co.'s 10-cent loaf (page 698 m. of p.) then all the losses at country points would have to be absorbed by the sales of bread in Toronto and Montreal.

In as much as bread is bulkier for its weight and of less value for its bulk than almost all other groceries, it takes up more room in trucks and on store shelves in proportion to value than the average grocery item, and therefore should bear a greater percentage of the expense of transporting it from the bakery to the stores, and the handling and the display space required in the stores.

The Great A. & P. Co have declared their average expense as 11·7 per cent of the selling price and that this allows for a profit of less than 1 per cent and therefore, if our statement is logical and we believe it is, that bread is more expensive to handle than the average grocery line, it would seem obvious that the less than 1 per cent profit must be reduced if not wiped out by a line as bulky and inexpensive as bread when compared with other lines. Regardless of turn-over, if an item is sold at a loss, that loss cannot become a profit.

Thus without loading the obvious losses of many of the outlying stores on Toronto and Montreal, it is apparent (using the Great A. & P Co's own figures) that they cannot make their average profit on 10c bread, and that other grocery lines are therefore constantly bearing a portion of the legitimate charges against bread.

It is realized that our statements can only generalize until a break down of the Great A. & P Co's advertising, delivery, handling and packaging charges are as definitely determined as their cost of bread at their platform.

It should be emphasized that the price of 8·7c per loaf at the platform has been used throughout the calculations as shown on statements "A" and "B" attached. The cost of the Great A. & P. Co's loaf at December 1, 1947, was 9c per loaf, not 8·7c, which would mean that at that time they were losing approximately one third of a cent more per loaf than at present—all other things being equal. Due to the increase in freight rates, we believe that flour has generally advanced.

Certainly the Great A. & P. Co. was then (December 1947) selling bread at a marked loss according to their own figures as follows: Selling price per 24-oz. loaf 10c—Expense 11·7 per cent, which would mean (applying only their average expense to bread) that their loaf would cost them 10c—11·7=8·83c at their platform to enable them to break even. It then costs them 9c, incurring a minimum (average expense) loss of ·17c per loaf, and this, we repeat, is arrived at by charging only average expense against bread, which as has been demonstrated is not sufficient, due to the bulk of bread, for its weight and value as compared with other groceries.

These December 1947 figures (Ex. 33) cost of the 24-oz. loaf at platform 9c, with a selling price of 10c over the store counter demonstrate beyond all possibility of doubt that (whether wittingly or not, and we would prefer to think unwittingly since they admit they cannot tell from their own records) it has been the policy of the Great A. & P. Co. to use bread as a loss leader.

The Rt. Hon. J. L. Isley, Minister of Justice, on June 11, 1947, at Quebec City, addressing the Association of Better Business Bureaus said (ref. page 3 attached marked "D") quote—"Consumers and business men must be protected against fraud, against misrepresentation of goods, against the use of deleterious substances and generally against abuses of dominant economic power—and again page 3, quote—"Section 498A enacted as a result of the Price Spreads Commission bans certain kinds of unfair price discrimination and the use of economic strength to destroy competition by selling goods at unreasonably low prices".