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> BREAD AND DEMOCRACY

The high cost of price-fixing

The alleged scheme by Canada's top bakers and grocers to fix the price of bread over 14 years represents, if true, not only a despicable attempt to boost profits by cheating consumers, but also a democratic challenge.

The case provides an important test of Canada's consumer-protection system at a moment of growing concern over the power imbalance between the richest few and the rest.

The public trust requires that the federal Competition Bureau, which is now investigating the case, clearly demonstrates that consumers will be protected and any corporations engaged in these sorts of repellent practices will be held to account.

The alleged scheme was brought to light late last year when Loblaw Companies Ltd. and George Weston Ltd. admitted their own involvement and, in so doing, controversially secured immunity. These companies, both run by Galen G. Weston, suggested at the time that the problem was industry-wide.

Historically, the price of bread has been a source of great political turmoil

Court documents unsealed this week support that claim, alleging that the country's two largest bakers, Canada Bread and Weston Bakeries, plotted with leading retailers, including Loblaw, Walmart, Sobeys, Metro and Giant Tiger, to raise the price of various bread products by about 10 cents per year. According to the documents, seven cents went to the supplier, three to the retailer. (The allegations have not been proven in court and Sobeys Inc. and Metro both deny the claims.)

For a family that bought a loaf of bread per week for the 14 years over which the scheme was allegedly in effect, the accumulated cost would not nearly be covered by the $25 gift card that Loblaws is now offering as compensation. Low-income people, in particular, who spend a greater share of their earnings on basic foodstuffs, have cause to be outraged.

There's a reason that spikes in the price of bread, which are felt by everyone and the most vulnerable most of all, have historically been a source of great political turmoil. From the Women's March on Versailles at the beginning of the French Revolution to the 2011 uprising in Cairo's Tahrir Square, bread has played a significant role in countless protests and revolutions.

"If I were to pick a single indicator — economic, political, social — that I think will tell us more than any other," Lester Brown, president of the Earth Policy Institute, told Slate in 2014, "it would be the price of grain."

The government would be wise to pay special attention to these allegations. Of course, no one is rioting here. Ten cents per year is not the stuff of revolution. And our political culture is sufficiently stable to withstand a case of price-fixing, no matter how egregious.

But nor is our culture so strong that such meddling wouldn't be felt at all in the street. There is, after all, a growing and measurable sense that our economy is leaving too many behind, that the game is rigged by the few against the many. That's bad for social cohesion and dangerous for democracy.

If the allegations are true, these companies were not simply cheating for profit, they were pulling at our social fabric. Past penalties for similar transgressions have been light. In this case, if the Competition Bureau discovers wrongdoing, a penalty that scarcely hurts the corporations in question would hurt the country a great deal.