

Food Prices

demand for food rising rapidly in this affluent country, lack of incentives to farmers will mean shortages and even higher prices". I feel strongly that this point needs to be stressed. If there are not incentives for the farmers, it will mean shortages of the food the consumers in this country want, and that in turn will mean still higher prices. This spokesman went on to say that unfortunately the consumer cannot have it both ways. Rising income levels and low food prices are just not compatible.

Let us accept whatever validity there may be in that statement, and I think there is considerable validity in it. At the same time, however, I am quite prepared to accept the fact that there is need for a food prices review board in Canada. To do what? The Conservative party has talked about a 90-day freeze. They say they will have a food prices review board instituted after the 90-day period. They have not yet told us what that prices review board will do.

We can tell you what our board will do. It will make absolutely certain that no one in the very involved and complicated food industry, from the farm gate to the retailer, will take undue advantage of the consumer. They will not take undue advantage by charging food items prices that cannot be justified. Many increases can be justified. We have to be concerned about finding the person along that food chain who is slipping in an increase that cannot be justified. The government of Alberta, which presented one of the finest briefs to the committee, recommended a continuing vigilance on the factors that contribute to food costs in all sectors of the food chain. Continuing vigilance surely implies a food prices review board of one kind or another. The official opposition has seen fit to downgrade such a function, but the government of Alberta saw considerable merit in it. It was not alone. The Consumers Association of Canada, an organization for which I have the greatest respect, said that the consumers of this country need, and indeed demand, a watchdog agency to ascertain that food prices are as fair and reasonable as possible, all relevant factors being considered.

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The association in its brief noted with interest the suggestion that a prices review board be established to investigate rapid increases in the prices of any food product, to determine the cause of the increases and to inform the public of its findings. The association said such a board would offer an opportunity for a more effective scrutiny and increased understanding of the food industry. Returning for a moment to the brief from the government of Alberta, and still talking about the need to investigate the food chain, this is what the submission said:

Such a watchdog agency should seek out new developments having a potential for improving the effectiveness of food production, processing and merchandising.

So the Alberta government envisaged an added role for such a board. Indeed, it went one step further. The board, ought, it said—

—to initiate educational activities to keep consumers informed of new developments and informed about the food system thus encouraging them to obtain maximum nutritional benefit from the food dollar.

The committee examined very carefully the wisdom of imposing wage and price controls as an effective weapon against inflation, particularly against rising food prices. The official opposition, as we well know, has proposed such a freeze for 90 days, but hon. members opposite have made it clear that they will exempt raw, unprocessed food, which I take it includes meat, dairy products, eggs, fresh fruits and fresh vegetables. These, incidentally, account for about 55 per cent of the food budget. The Alberta government noted it would be very concerned about the effect of price controls on the food industry. The brief stated:

Although we recognize that price controls on food would arrest the trend of steadily increasing food costs in the short run, we feel that detrimental effects would result for the food industry and for the consumer in the long run. The food industry, which is faced with increasing supply costs and fixed production prices, would be hard pressed to maintain necessary levels of output. Shrinking margins would place many producers, processors and handlers in a precarious economic position with the result that output would tend to be reduced as profit incentives were eroded. A situation such as this would be contrary to the best interests of both consumers and producers.

Are there any examples that we can consider? The action of the President of the United States in placing a ceiling on the price of meat suggests he believes that farmers are mainly at fault for the food spiral. By putting a ceiling on the retail price, the United States administration is counting on pressure rolling back through the retailer to the middle man and, eventually, to the farmer. I believe this shows the folly of the position of the opposition in saying they would control prices only beyond the farm gate.

Mr. Woolliams: We never said that at all.

Mr. Penner: Oh, yes. It has been said that prices are to be controlled beyond the farm gate, but if the producer cannot sell his product he is stuck with it. So if prices are rolled back to the level of the producer, he is the one who will eventually take it on the chin. This is the point which has to be emphasized. Ultimately, it is the farmer who will suffer. If the hon. member for Calgary North (Mr. Woolliams) would look at the news reports, he would see that United States' farmers feel betrayed by the U.S. Secretary of Agriculture. They betrayed because in their view he did not serve their interests well by objecting to the imposition of the ceiling on meat prices in the United States. Previously, he had stated repeatedly, when speaking to farmers and to other groups in the country, that this was not the way in which to solve the problem.

What did he suggest as an alternative? He suggested the alternative outlined by the hon. member for Palliser (Mr. Schumacher), who said the answer was to increase supply, stimulate production and increase beef imports. I am talking now about imports into the United States. The President of the United States now faces the frightening possibility of a farmers' strike. If production falls, the resulting shortage will raise another spectre—the spectre of a black market in meat. It may be that meat prices in the United States have already reached their peak. If that is the case, the ceiling is meaningless. But if the price has not peaked, the ceiling will likely create a shortage of meat, and that will make conditions right for a black market. In addition, it means that when the controls are