

advantage of the present situation; third, measures to mitigate the effect of rising prices on those in our society who are likely to suffer most from excessive food price increases.

The areas covered by the government's plan of action relate to the recommendations in both the first and second reports of the special committee. I think the record will show that the government, in the initiatives that it has taken, has in effect responded positively to the thrust of all the recommendations of the Special Committee on Trends in Food Prices.

An important finding in the second report about which the hon. member for St. John's East spoke so strongly in support is the one which is a reiteration of a conclusion in the first report, namely, that "the primary cause of the dramatic rise in food prices during the past year in Canada appears to be a world shortage of many basic food commodities". In other words, it is not a problem peculiar to Canada; it is a world wide problem.

**Mr. Baldwin:** Blame the weather.

**Mr. Gray:** Therefore, the steps the government has been taking to deal with this situation have been formulated to take account of this international perspective.

During the previous debate on the motion to concur in the recommendations in the first report of the committee on April 10, I said that "controls are not a sure-fire solution to this problem; after all, controls introduced at the wrong time and without due regard to the fundamental factors governing food production could well lead to situations of decreasing supply and, in the long term, result in the development of a food price upsurge even more widespread than we have faced over the last year". This statement was, I think, convincingly confirmed by subsequent events in the United States. Since April we have seen in the United States the rise and collapse of a policy of attempting to curb food price increases by using price freezes and controls. It is generally conceded now, even by the United States administration, that this price freeze decision was a mistake and that a better solution to soaring food prices is to encourage food producers to increase the food supply and to do so in as efficient and competitive a manner as possible.

● (1740)

By the tenor of the recommendations of the special committee it would appear that most of its members at least also basically share this fundamental long-term approach to the food price issue. I think it is also instructive that when they examined the experience in the United States, many commentators concluded that such price freezes produced shortages and consequently led to even higher prices. Just yesterday, in the *New York Times*, Edward Cowan in an article datelined Washington wrote:

With the transition from the Nixon administration's Freeze 2 to Phase 4 complete, whatever enchantment there was with price controls a year ago seems to have gone the way of most illusions.

It is something based on illusions then that the Conservative Party wants to make the basis for policy in this country. Mr. Cowan went on to write:

### *Food Prices*

The first reason is that prices are rising, and rapidly, 25 months after the President who resolutely opposed controls switched to them. Mr. Nixon's June 13 freeze has been followed by a new burst of inflation. Even administration economists believe that there has been a causal relationship.

**Mr. Bell:** What is the date of that, please?

**Mr. Gray:** Yesterday, Sunday, September 16.

**Mr. Bell:** You should see today's paper.

**Mr. Gray:** One of this government's decisions has been to hold in the near future a special federal-provincial conference to bring about the early development of measures to provide for the orderly increase in food supplies in Canada, and it has indicated its willingness to bring this about by measures providing greater assurances than previously to Canadian farmers that the increase in production will receive reasonable returns. In my opinion, this is an area which contains fundamental long-range solutions to the extraordinary increases in food prices that have occurred in the Canadian economy this year.

There is a need for additional measures to bring about an orderly increase in food supplies, a market for foodstuffs that will hopefully avoid as far as possible the gyrations in prices, such as those in feed grains this year and this year's surge in beef, poultry and hog prices. The Canadian farmer is seeking greater stability of his income, and the Canadian consumer does not want to face increases in the food budget of the kind that have been the Canadian experience this year. Accomplishing these objectives is the continuing aim of the government.

The government has already acted to counteract price increases in several key commodities. The export controls on cattle and hogs announced in August appear to have had a salutary effect on beef and pork prices. The government has also been moving to forestall anticipated increases in bread and milk prices. The steps I have outlined are an indication of the government's efforts to deal with the kind of concerns reflected in the special committee's recommendations Nos. 8 and 9, namely:

Because an adequate supply of essential food is vital, the committee recommends that the federal government consider the advisability of immediately implementing policies to encourage farmers to increase steadily the production of staple foodstuffs on a basis that will provide a fair income for the farm family and basic food at a reasonable price for the consumer.

Recommendation 9 reads in part:

The committee recommends that the federal government consider the advisability of protecting the Canadian market from the pressures of world food requirements—

The second element of the government's plan of action covers measures to help protect the consumer against those who may take advantage of the present situation to make unwarranted price increases. Several of the recommendations of the special committee's second report reflect a similar concern. I refer to those concerning the Food Prices Review Board and the Combines Investigation Act. The second report of the committee recommended:

The Food Prices Review Board immediately begin to study the effects of controls in other countries on the price and availability of food in those countries and, furthermore, the committee dis-