

*Food Prices Committee*

their food dollar. Studies should also be undertaken on price differences between supermarkets in poorer downtown neighbourhoods where there is little competition and affluent suburbs where the competition is usually stronger. The information that is available indicates that higher prices are charged to those who can least afford them.

Little information has so far been assembled about the nutritional needs of older people and the food costs incurred by an elderly person living alone who buys food in small quantities and accordingly pays higher prices than large families which can buy in bulk. Packaging costs are probably the most significant factor. A study should be made in this context. Some years ago a royal commission undertook a study of food pricing and food merchandising practices on the prairie provinces. This commission, known as the Batten commission, brought in its report in 1966. I just want to quote briefly from some of its findings since I think they are relevant to the work that will be assigned to the committee, the proposal to establish which we are discussing today.

• (1600)

In examining how prices are determined, the royal commission concluded that the power to raise prices is limited by the degree of market concentration. Where sales are concentrated in the hands of only a few sellers, those sellers recognize their mutual interdependence. It is usually in the mutual self-interest of sellers to avoid cutting prices and to agree, either tacitly or explicitly, on a price level that maximizes their joint profits. Without trying to pre-empt the conclusions of the special committee, I suspect that things have not changed very much since 1966. As one who represents a constituency where food prices are very much a matter of lively concern at this time, I am particularly anxious that the committee examine in great detail, and with as much searching light as can be applied, the subject of the pricing policies of the large food chains.

Amplifying on their conclusion, the commission stated that the largest sellers—it is true they were talking about the Prairies—had acquired sufficient power to enable prices to rise above competitive levels, thereby earning excess profits for the large chains. Second, excessive building of stores had led to what they called sub-optimal rates of utilization of stores, hence unnecessarily raising the cost of retailing groceries. Third, the position and power of the chains had led to and required the use of self-cancelling and costly advertising campaigns. And fourth, the luxurious and expensive supermarkets built to lure customers away from other stores had raised the cost of food distribution. All of these costs and price increases, and the factors leading thereto, had damaged the consumers' interest.

As our committee commences its work, I think we must bear in mind continually that it is the interests of the ordinary working consumer that must be paramount. I believe that they have a right to know what goes on in the matter of food pricing policy, just as, for example, the public feels it has the right to know what goes on in negotiations between the government and the postal workers, or in negotiations that are carried on in any form of collective bargaining.

[Mr. Grier.]

Just as the ordinary worker must justify, through elaborate machinery sanctioned and established by the government, his reason for wanting a wage increase, I believe that food merchandisers and retailers, as indeed many merchandisers and retailers of other products, must similarly be placed in the position of justifying to the public their reason for feeling that a price increase is necessary. All too often the consumer, when confronted by a sudden price increase, is advised that the reason for it is that the price of coffee in Brazil went up last week, or that there had been a strike in San Francisco, or some other reason is given usually relating to an event outside the country and well beyond the public source of information. Thus, the public has to take the retailer's word at its face value, and from time to time I think this has enabled merchandisers and retailers to take advantage of the consumer.

I hope that this committee will conclude that a permanent, on-going prices review mechanism, whose purview should range well beyond simply the subject of food prices, should be set up for the purpose of continually exposing to the public gaze and bringing to the public knowledge the facts behind food pricing. After the committee has concluded its investigation, I believe it will be hard-pressed not to come to some such conclusion.

I hope that the publicity attached to the committee's efforts will serve to keep food prices in check over the winter. Since I have great faith in the public having knowledge of the facts, I am convinced that a permanent prices review mechanism will serve over the long run to expose facts to the public gaze that will keep prices stable, thereby assuring that the hard-won wage increases of the working men and women of this country are not eaten away or used simply to bolster and to maintain the ever-increasing profits which our corporate economy demands.

**Miss Flora MacDonald (Kingston and The Islands):** Mr. Speaker, I have some very grave concerns and reservations about the proposal before the House to set up a special committee to inquire into trends in food prices in Canada and to relate domestic and foreign influences to today's soaring costs. In the long run, it is true that the committee may come up with some proposals that will alleviate the situation, but I particularly hope that the committee finds an answer to why there is such a gap between what the producer receives and what the consumer pays. What concerns me most is the immediate need, the need that will have to be faced tomorrow, next week and in the coming months of long, hard winter, by hundreds of thousands of Canadians on fixed incomes. The winter will indeed be much longer and harder for some Canadians than for others.

The special Senate committee on poverty told us that six million Canadians, almost one-third of the population of our country, live on or below the poverty line. A single person, we were told by that committee, lives below the poverty line if he or she has an income of less than \$2,140 annually. That was the 1969 figure. It is interesting to note that all our senior citizens whose income is limited to the old age pension and supplement are today living below the poverty line. My concern is what will happen to them in the cold, long months ahead while the committee is