

Food Prices

The way in which this surveillance is used will be the key factor in determining whether it inhibits and weakens the Canadian economy and living standards or whether it helps to produce efficiency, equity and economic vigour . . .

The general effect of the committee so far has been constructive, and its work will continue. It has brought groups together, illuminated problems and gathered proposals, and it may have laid the groundwork for a more effective effort by all groups in the food industry to stabilize and support the marketplace within a free economy.

At present that is the best way to fight the battle of inflation. Government price controls are cumbersome and costly in their application and they defeat the free market system while providing marginal gains for the consumer. They are a last resort, and the food economy of Canada is still a long way from such desperate measures.

One of the criticisms of the committee is that we studied food prices, and food prices only. There are four good reasons why we studied food prices. I am referring, of course, to the period before the terms of reference, because the terms of reference limited us to that particular aspect. We were limited to food prices because it is the area with which most Canadians are familiar. We could see the impact this was having. We could see that it covered the whole gamut of the economy. It dealt with capital costs, costs of operation, labour costs, transportation costs, advertising costs, packaging and retailing costs. We heard that when the consumer price index goes up, food is the item that pushes it up the highest. We heard evidence to the effect that when the food chains had their price war, this had the effect of levelling-off the consumer price index. Therefore, it seemed important to study this question.

We studied food costs because the average person goes to the store on one or two occasions a week and pays cash for the items he purchases. The shopper is aware of the fact that food prices are on the increase. I have heard the example of the increase in the price of shoes. It used to be possible to buy a good pair of dress shoes for \$23. One chap wrote saying that in six or eight months the price had increased to \$40. But there is no suggestion of a boycott in that particular area. There would be if we had to buy shoes on a more regular basis.

I think it is appropriate that we studied food prices. The setting up of a board, as suggested, could work as a pilot project for looking into all areas of the economy. It might be a good step forward in so far as setting prices that have a tendency to increase faster than they should because of excessive profits in particular areas.

This board has been called toothless. I hope it will not be. As I indicated, that is why we put in the word "independent." We wanted it to be independent of the Department of Consumer and Corporate Affairs and, in fact, independent of government. We wanted the reports to be made public. We wanted them to recommend action to the government.

It has been suggested that after a 90-day freeze, the Conservative party would suggest something along the same line, a food prices board, but that the board would have authority to take action. I think that is passing the buck. It is not up to a board appointed by parliament to take action. It is up to a board to recommend action to the government. The government should have the guts to say yes or no to any recommendation brought forward by the

[Mr. Cullen.]

board. I do not think it is appropriate to simply slough off responsibility on a board.

The personnel of a board will have a lot to say and do as well as determining the effectiveness of the board. Can you imagine a board headed by Mr. Maxwell Henderson? I think a person of his calibre heading a food prices review board would be effective and would have more than the morals indicated by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). The personnel of the board would have the opportunity to determine how effective it would in fact be.

If the board made a recommendation to the government and the government did not act on it, or ignored it, the board would have additional teeth. It would have the right to demand to appear before a standing committee of this House. Maybe some day there will be a standing committee on consumer affairs. That would be an appropriate committee to which this board could report if it were not getting the kind of co-operation from the government that it felt it should.

In our report we reached many conclusions and made six recommendations. One of our conclusions was that the primary producer was not responsible for this situation. I doubt very much if the committee will spend a great deal of time in the future dealing with the primary producer, be he farmer or fisherman. If there is a villain, we have to look elsewhere. Most assuredly it is not the fisherman. We heard evidence to the effect that notwithstanding the fact that the price the fisherman was getting ten years ago has increased, the price of fillets and other fish that come to the marketplace and to the retailer has increased substantially. The fisherman in this country is getting the royal Canadian shaft. Maybe we should be looking at that particular area. We could not find a villain, at least we have not yet.

Standardizing packaging and private labelling would assist in this area. We should stop talking about controls, because they are self-defeating; they have the effect of increasing prices. If we impose price controls, we can look to a black market situation. The lower income group is the hardest hit and these people must be assisted in trying to cope with rising food prices.

Marketing boards were not condemned. We suggested they are needed for a stable market. They may tend to increase prices, but we submitted in our report that stability in the marketplace is worth it. It is difficult to evaluate what effect price wars have and whether there is, in fact, real competition when they occur. We heard from an independent grocer who saw the return on his investment fall from 15 per cent to nothing. All he took out of the enterprise were his wages for working a six-day week.

• (2020)

We were concerned about overcapacity—about the activities of those in the development field rather than in the food industry who decide to set up new shopping centres. They say to businesses which already have all the capacity they need: We intend to build a shopping centre here. If you wish to acquire space you may do so; otherwise we will bring in one of your business competitors.

As the hon. member for St. John's East has already indicated, we found there was overpromotion of breakfast