

### 10. Advertising

Your Committee heard lengthy arguments concerning the economic consequences of advertising. It also accumulated a considerable amount of information relating to advertising expenditures and the way in which advertising costs are shared among different distributive levels in the food industry. There was evidence that the market power of the retail level of the food industry was sufficiently strong to shift some of the burden of advertising costs to food processors or manufacturers. In time available to your Committee, it was not possible to ascertain all the facts necessary to reach any firm conclusion. However, your Committee decided that more information was needed.

### 11. Concentration and Cost Levels in the Food Industry

The terms of reference of the Joint Committee on Consumer Credit (Prices) necessarily meant that primary attention was focussed on factors influencing recent changes in consumer prices. Your Committee was not, as a result able to devote more than passing attention to some of the longer run influences at work in wholesale and retail food distribution.

Although the preliminary judgment of the Committee was that profits in the different levels of food processing and distribution had not increased substantially or generally in the recent past this does not answer a very relevant question, namely, whether the cost levels in the industry were reasonably low in the light of Canadian conditions.

Your Committee uncovered specific evidence of great concentration of market power. It came to public attention as a result of questions by your Committee and disclosed more particularly to so-called Weston Empire.

This disclosure was an astonishing revelation and the enormity of the Weston complex surprised even the sophisticated. The far-reaching implications will take some time to assess. The Weston Empire reveals for the first time vast holdings and control over food and other related aspects of the economy which will need further investigation to reveal all the implications and to do this, more specific information will of course be required.

The detergent and soap industry, it appears from the evidence, is controlled by three giants which among them have between 85 and 90 per cent of the total business.

The five great corporate food chains and the voluntary chains control more than 75 per cent of the grocery business in urban areas and their percentage is increasing.

In one part of the food processing industry, one firm controls 100 per cent of the market in the Maritimes and Western Canada and at least 80 per cent of the market in Ontario and Quebec.

The domination of a few large corporations in some sectors of the Canadian economy is clearly evident and gives rise to the question, "Is this in the public interest?" Your Committee feels that the implications of this question must be fully examined.

In view of this, your Committee recommends that a thorough assessment should be made of the organization of the food industry with the object of publicizing any monopolistic tendencies which may exist, of determining whether the market power of any group or groups is sufficient to impair the workings of a competitive market and whether there are any undue barriers to entry.

#### Recommendation:

That the Joint Committee on Consumer Credit (Prices) continue with its investigation of concentration in the food industry.

### 12. Price Control

The view is sometimes expressed that price control by government edict is the easy answer to price stability. All the witnesses who were questioned on this matter disagreed with the opinion and demonstrated clearly that this was an unworkable and unrealistic solution. Your Committee concurs in the conclusion that price control is a fallacious method of attempting to control any general increase in prices. It notes, furthermore, that the federal government does not have the constitutional power to enter this field.

### 13. Co-operatives

In order to meet its self-imposed deadline of an interim report in December, your Committee did not have an opportunity to call witnesses on co-operative organizations, but recognizing the importance of the movement intends to do so.

All which is respectfully submitted.

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