

# HOUSE OF COMMONS

Thursday, September 13, 1973

The House met at 2 p.m.

## ROUTINE PROCEEDINGS

[English]

### AGRICULTURE

#### ANNOUNCEMENT OF AGREEMENT WITH QUEBEC TO REDUCE PRICE OF FLUID MILK TO CONSUMER BY FOUR CENTS

**Hon. E. F. Whelan (Minister of Agriculture):** Mr. Speaker, hon. members will recall that on September 4 the Prime Minister announced that a consumer subsidy would be paid on fluid milk in those provinces where it was possible to obtain an agreement which would contain and roll back prices to consumers.

I am pleased to be able to announce that negotiations have been completed with the province of Quebec. As a result, the price of fluid milk in the province of Quebec will be reduced by four cents effective Monday, September 17, from the previously announced level which would have been in effect on that date had this agreement not been reached. This means that in the absence of the federal subsidy the base price per quart for fluid milk to the consumer in the province of Quebec would have been 38 cents per quart effective September 17. However, as a result of the agreement the base price will be 34 cents per quart.

It will be appreciated that prices will vary from the base price of 34 cents due to container size, fat content, etc., but irrespective of this the four cents per quart roll-back will apply.

The difference between the five cents per quart federal subsidy and the four cent roll-back in price will be used by the provincial authorities to cover, in part at least, cost increases for the next year.

The agreement further provides that this price will remain in effect for a period of 12 months subject only to the reopening of discussions between ourselves and the Quebec authorities should unforeseen or extraordinary cost changes take place.

**Mr. H. W. Danforth (Kent-Essex):** Mr. Speaker, although this announcement will be good news for consumers in the province of Quebec, it has some rather interesting implications and establishes some principles. In spite of the government's protestations that it is totally against price controls on wages, food or incomes, the action of the government amounts to selective price control, freezing the price of milk to consumers for a 12-month period. It can be considered in no other light than absolute price control. Listening to the announcement

made by the minister today, one can only assume that this is one more panic action on the part of the government in the face of the high price of food.

The weaknesses in the policy announced by the minister are twofold. First, the consumer price is fixed with the result that the price the producer will receive is locked in regardless of input costs. The very fact that this agreement covers a 12-month period shows there is no room left for the farmer or primary producer with regard to costs. What this country needs today are incentives to produce. There can be no incentive in a policy that locks the price of the primary consumer—

**Some hon. Members:** Oh, oh!

**An hon. Member:** Do you want higher prices?

**Mr. Danforth:** —which locks the price to the consumer at the expense of the producer.

**Mr. Sharp:** What is a freeze?

**Mr. Bell:** You don't understand it.

**Mr. Danforth:** The other primary weakness my colleagues see in the program is that it is not applicable to any province that does not have a board or marketing scheme or milk committee, since it has to be administered at this level. Second, some provinces have already established a milk policy for a 12-month period, and again this program will not be applicable.

• (1410)

So we not only have the fact that price control has been initiated, but today various provinces in the country will be receiving different rates of subsidy and different amounts of money for the production of the same commodity. I think the agricultural community and the farm organizations are right in their absolute rejection of such a policy.

**Mr. A. P. Gleave (Saskatoon-Biggar):** Mr. Speaker, we spent some considerable time in deliberations in the committee on trends in food prices which was set up by the House and as a result of those deliberations we then set up the Food Prices Review Board. Any member of the House who sat on that committee, as I did, must surely realize that the consumer must be given some protection in regard to food prices. I have argued within my own party—and I am a farmer—that in regard to basic foods on which families depend, such as milk, bread and the essential proteins, it is part of the responsibility of this parliament to see that children and families are adequately cared for.

The government has moved, however belatedly, to try to stabilize the price of milk so it will not rise above its