supply the orders and we do not speculate in respect of production in our plants."

Many people think this way in respect of food. Some economists philosophize that you should build up huge quantities of commodities and then disburse them at whatever price you can get. They call this the law of supply and demand.

One member earlier referred to some comments made by the chairman of the old Food Prices Review Board. He said the board did not mention a thing about pork. I agree that very few words are said about pork, but I can tell you that right today there are farmers signing contracts with Japan to supply pork at a price much below the speculative market price which is set from day to day in Canada. They have a clause in their contracts which states that if the cost accelerates they get more for their pork, and if costs go down they agree to sell to Japan for less.

This is a total program with signed contracts which gives them a decent and reasonable return for their investment and their productivity. They will do this for anyone in Canada if anyone wants them to do so, but many people say no, we should leave it up to the old hurly-burly, tumble type of thing involved to get what you can for the net product. This involves the livelihood of families, and they are not going to jeopardize that livelihood in that way. If they can get decent contracts they will produce.

We have lost 25 per cent of our production in one year because these producers depend on the North American market and they were selling below cost so they went out of production. No stabilization board can guarantee them a decent return unless it is done under a supply management program. They will sign contracts with Japan or any group in Canada that wants to take so many tons or thousands of tons of pork, and they will gladly supply it.

● (2140)

When we talk about food costs in Canada I think we should remind ourselves that it is not what some people make it out to be. Inflation in Canada has raised the cost of some foods to higher levels than in the United States. The main reason for the differences is higher wage settlements in Canada than in the United States. For example, average hourly earnings of workers in United States food processing and distribution areas increased by 10 per cent during 1974. In Canada, on the other hand, they went up by 20 per cent. The average hourly earnings in all retailing in Canada increased around 14 per cent.

Other reasons for higher food prices in Canada can be illustrated through profit margins. In many industries in the United States, such as egg production or milk production, farmers are losing money. In Canada, farmers are recovering their cost of production plus a profit in relation to size and investment. They have locked in their prices in respect of dairy production in Canada and cannot get an increase unless the review board goes over their costs, and so on.

There are plenty of examples of where Canadian food cost increases have lagged behind United States increases. Meat costs went up 8.6 per cent in Canada last year; 17 per cent in the United States. Poultry went up 14 per cent in Canada while United States prices jumped 23.8 per cent. Fish went up a little over 1 per cent in Canada while United States prices jumped 9.4 per cent.

Some people in the news media say that Canada lacks a national food policy. This kind of criticism crops up every so often. We have a food policy. I have spoken to farm leaders about this program and they do not think this program locks them into any system. It allows incentive for production. It allows a reasonable increase for extra costs to which they may be subjected. It is something which I think most of them are living with at the present time and have no objection to this program, which I call a program of reason for reasonable people.

Mr. J. H. Horner (Crowfoot): Mr. Speaker, this bill in respect of Canada's economic position today is one which gives me a heavy heart indeed. I entered Canadian politics because I was concerned about Canada. I ran in the last election because I was deeply concerned about Canada. I fully believe that the economic plight in which we find ourselves today is a direct responsibility of the federal government.

It is interesting to note that in 1974 when the Leader of the Conservative Party (Mr. Stanfield) advocated wage and price controls, or an incomes policy, the minister of finance at that time and the Prime Minister (Mr. Trudeau) advocated up and down across this country that we were in no such dire need of the economic rigidity that would be entailed in such a policy.

The Minister of Agriculture (Mr. Whelan), who just finished a nonsensical kind of speech which is not even worthy of comment in the limited time available to me tonight, during the last election campaign said that we could not have wage and price controls or freezes on foodstuffs without those prices going right through the farm gate. He campaigned throughout Ontario and stated that food prices would be controlled. He said that control would go right through the farm gate to the manure pile. That was a popular statement during the last campaign. But now he stands up and says these things are necessary and that no farm groups and no established market boards, under the legislation or under the marketing council, will have a word of complaint to say about this legislation particularly after he gets done talking to them because he is such a persuasive speaker.

Mr. Knowles (Winnipeg North Centre): It depends on whose manure pile you are talking about.

Mr. Horner: Yes, I guess it depends on whose manure pile you are talking about. It is widely believed and widely accepted that in 1974 I was not exactly fussy about wage and price controls. I was not fussy because I could foresee some of the rigidities that would be built into our society. I could foresee some of the difficulties that might come about through loss of productivity because of it. I could also foresee in 1974 that the inflationary cycle, which started in what might be called the western world, was started because of a rapid devaluation of the United States dollar. Our dollar was devalued at about the same rate right along with it, prior to December of 1973.

We have a little different situation now, and certainly we have quite a different program to answer the different problem today. One might say the first cycle in inflation