

discussed with provincial governments to ensure they are consistent with the guidelines. It is not clear whether this discussion will be undertaken by the government itself or the Anti-Inflation Board.

Surely, the marketing boards should be subject to the guidelines, and the monitoring of their adherence to them must be handled by the Anti-Inflation Board in the same way as any other segment covered by these guidelines. If marketing boards are subject to the guidelines, they could increase their prices only to the extent necessary to pass on actual increases in cost. But the major cost to them is the price they pay farmers for the product in question. A major factor in such a price is the return to the farmer for his efforts and his investment, and not just the cost of inputs he has to buy, such as the purchase of machinery and seed. This is how the cost of production formula used by the Canadian Egg Marketing Agency is structured to determine egg prices across Canada. One of the costs permitted in that formula is a return to the egg producer which some say could, under that formula, exceed \$42,000 a year.

A requirement that a board's price-setting must be consistent with the guidelines would be meaningless if the board could always pass on any increase in the farmer's profit margins as one of the costs which the retailer could then include in higher prices for the consumer.

The Food Prices Review Board was dissolved and disappeared as the Anti-Inflation Board was set up. The latter board is operating temporarily under the authority of the Inquiries Act until Bill C-73, giving it more permanent status, has been adopted. The public may well believe that the Anti-Inflation Board has, or will have all the powers of investigation, report and recommendation of the Food Prices Review Board. However, I submit that this does not appear to be the case when it comes to food prices.

The Food Prices Review Board could get at all the facts behind food prices and could look at any part of the food chain from farmer to processor, to distributor, to retailer. It could look at prices charged by farmers and the inputs that went into them to see whether those prices were justified. However, it would appear that the words of the guidelines, taken together with the words of Bill C-73, mean the Anti-Inflation Board cannot look behind the prices received by farmers and fishermen for their products in the same way as could be done by the Food Prices Review Board.

● (1230)

According to Bill C-73, the Anti-Inflation Board can only look into matters, and I quote, "in relation to the guidelines." These guidelines do not cover prices received by farmers and fishermen. In fact, one could ask why the guidelines should not be applied on a voluntary basis to farmers and fishermen in the same way as for everyone else. This would permit the Anti-Inflation Board to carry out the same kind of study of food prices at all levels, in the same manner that the Food Prices Review Board had been able to do effectively in the best interests of consumers and Canadians generally.

I think farmers themselves would want to be able to confirm to the rest of the Canadian people, through the studies of the Anti-Inflation Board, that they are doing their part in the restraint program and that they are

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following the price guidelines even though they are, understandably, exempt from the compulsory features of the program. However, the government appears to be saying not only that farm prices should be exempt from the guidelines, but it also seems to be saying in the chapter of the white paper entitled "Structural Policies" that there must be allowed potentially open-ended price increases to farmers for their products, including increases in profits, in order to ensure an adequate supply of food.

On page 10 of the white paper we find this statement:

—to ensure adequate supply of food, farmers must be assured of a rate of return commensurate with the large investment of labour and capital essential to agricultural production. This return should come from the marketplace, but producers must be given some protection against large losses arising from highly variable and uncertain markets.

Of course farmers must receive a fair rate of return, but so should workers and small businessmen. Where is the evidence that ever increasing farm prices are required to ensure an adequate supply of food in Canada? The problem, instead, is to have an adequate supply at prices which are fair to both producer and consumer. There is no evidence that there are basic shortages of foodstuffs. The evidence is just the opposite. If we were facing such shortages, why would current government policy provide for cutbacks in production, in other words, for quotas of less than productive capacity for eggs and dairy products?

The fact is that there was such a sizeable production of eggs, even at the lower prices which prevailed some months ago, that the government marketing scheme was amended to reduce quotas for egg production, for example, to only 62½ per cent of capacity in Ontario. A recent press report said that there has also been such a sizeable production of industrial milk products at current prices that the government is likely to reduce existing quotas for industrial milk production.

Also, why should the return come entirely from the marketplace? Do these words mean that the government will be phasing out its present subsidy on powdered milk and the other subsidy it pays to farmers on industrial milk? In other words, is it intending to eliminate them as it eliminated the subsidy on fluid milk in the fall of 1974? Having farm prices come entirely from the market means that the burden of higher food prices will fall particularly heavily on lower income Canadians. They pay a higher proportion of their income for foodstuffs than Canadians who are better off. I believe there continues to be a place for properly constituted subsidy programs, since they come from government revenues which are raised through our tax system, which is based on the concept of ability to pay.

Also, what is the rate of return to the farmers the government is talking about in the white paper? How will the government ensure that it is fair to the consumer as well as the producer? It does not say so specifically in the white paper, but surely this is a job for the Anti-Inflation Board. This key section of the government's white paper makes no reference to fair prices for consumers at all. The word "consumer" does not appear anywhere in any of the portions of the white paper dealing with food prices. Does this mean—I hope it does not—that the government has abandoned the commitment on food policy it gave in the throne speech just before the last election and which formed part of the program on which the public based its