

Failure to Reduce Prices to Consumers

increases they accede to can readily be passed on to the public. They should no longer assume that whatever new investments they may choose to make will pay off through an inflationary rise in demand for their products. It means that errors and excesses can no longer be expected to be painted over by inflation. The chickens will come home to roost. It means that trade unions generally will have to adjust their sights to annual rates of wage increases that are consistent with the rate of growth of productivity in our economy.

The decision, announced in the budget, to accelerate the rate of tariff reduction, indeed to put the whole of the Kennedy Round tariff reductions in force in one step, is designed to introduce more price competition into the Canadian economy at the time when we need it most. This should make a significant contribution to slowing down inflationary trends. Those businesses that are protected by the tariff against external competition are often the leaders in inflationary price increases.

I have talked about the role of government. There is a responsibility on everyone, on all hon. members and the consumers they represent. The individual consumer can make a contribution both to his own welfare and that of others. He must take advantage of a competitive situation, where it truly is competitive. That is to say, he should resist high prices and refuse to buy shoddy merchandise. The committee that Senator Croll and I chaired on consumer prices, of which the hon. member for Vancouver-Kingsway was a member, made the point that consumers can affect the prices of items simply by not buying them if they think the price is excessive, that in many cases there are substitutes or alternatives. This was said in relation to food but is equally true and more pertinent when talking about clothing, credit and loans, furnishings, automobiles; appliances, almost everything the consumer buys. So I urge consumers to inform themselves of the various prices offered, to shop around. If consumers are careless about their purchasing they are going to pay more.

Many consumers are disturbed about the price of beef, which has increased sharply in the last few weeks. I have already made some public statements on this question, but I want to explain briefly how this situation developed.

At the outset, I should emphasize that cattle prices are determined on the North American market and not in Canada alone.

[Mr. Basford.]

We have in this country roughly 10 per cent of the combined Canada-United States cattle supply. Obviously, whether we are exporting or importing cattle, there is going to be a well-defined relationship between prices in Canada and in the major U.S. cattle markets. Choice steers were selling in the United States in February at about \$29.50 a hundred-weight—that is live weight, Mr. Speaker—but within recent weeks the price has advanced to around \$35 a hundred, U.S. dollars. Canadian prices inevitably followed this trend.

One of the reasons for the increase in prices is that cattle numbers in North America have not been increasing fast enough to keep up with the population growth and with the desire of Canadians and the people of the United States to eat more beef. In 1960 the people of the United States ate 99 pounds per capita; in 1968 this rose to 109 pounds and for this year the estimate is 111 pounds. In Canada the estimated per capita consumption of beef in 1960 was 70 pounds, but it has risen now to about 90 pounds. This is partly a reflection of rising income levels during that period. Beef eating, in other words, increases with affluence. There is a seasonal aspect to the recent price increases in addition.

• (4:20 p.m.)

The market naturally adjusts to the changing supply and demand situation. In Toronto in January supermarkets were paying 51 cents to 52 cents a pound for red brand beef sides. By early June the price had increased to 63 cents to 65 cents a pound. Some of the choice cuts make up a relatively small proportion of the total carcass and their scarcity is reflected in the sharp increases for such things as porterhouse and sirloin steaks.

When a situation like this develops some people start looking around for somebody to blame and, depending on their point of view, they will pick on the farmers, the meat packers or the supermarkets. We are facing the consequences of living in a market economy and there is no question that the market will remedy the present shortage even though this will take some time. In the meantime, I have said to Canadian consumers that they should diversify their diet a little more and search around for some substitute for cuts of beef which they think are too high in price. If North American housewives would be more discriminating in their purchases of meat the demand pressure would let up a little. This is a powerful weapon in the hands of consumers and I hope they will use it.