

Food Prices

One of the difficulties is that in areas where large slaughtering operations take place, health regulations must be rigid; but in small establishments more leeway might be allowed. Indeed, good and reasonable care is more important than elaborate equipment. I wish to give an example of this. A man who operated a small butcher's store and slaughterhouse told me he was put out of business because of grading regulations. He had to get the grader to come from 40 miles away, but could not afford to pay him the mileage involved. When you consider that those who sell meat, including chicken, must have it graded before slaughter, it is easy to see how this situation could come about.

This situation has meant the loss of local processing to rural communities. The animals are now transported hundreds of miles to the city and slaughtered, then the meat is returned to the rural community. This means additional loss of industry to the rural community and more expensive meat; and what is most important, the loss of industry occurs in the community where the livestock is grown.

Government grading may be important, but we have to recognize that it represents an added cost and the mechanics of it virtually put the small slaughterhouse out of business because of the impossibility of arranging adequate grading. The demand for protection for the consumer by grading and health regulations has markedly increased the cost of meat in small villages and has detracted from their self-sufficiency. As a result of putting the small slaughterhouses out of business, the checks and balances on large meat processing plants have been removed because there is no longer automatic competition.

Let me refer to an article in the *Globe and Mail* of April 10 which lists three main packing plant companies across Canada in which one can buy shares. This indicates that much of the industry has been centred in these three large companies. This is an important fact when we consider how small slaughterhouses acted as an efficient deterrent to the increasing charges associated with meat processing.

Mr. Speaker, I could not discuss the question of food prices without mentioning the effects marketing boards can have. Marketing boards must necessarily be restrictive in nature. They are designed to prevent overproduction. Those in charge must aim at supplying the market, and no more. Excess production is followed by a great many problems. Marketing boards tend to apply quotas. These become more and more rigid and, in the interest of so-called efficiency, tend to create larger and larger producers.

This concentration in the hands of fewer producers closes the door on new entrants, and when abnormal conditions arise with either production dropping unexpectedly or demand being greater than foreseen, shortages develop. In this regard, one must remember that on the small farm one needs a quota to produce milk, raise chickens, produce eggs, turkeys and even to raise pork. One can see how this is discouraging to anyone considering entering the industry. It is difficult, if not impossible, to acquire a quota at a specific time. This raises the question of whether, if we have marketing boards, they can manage things in a better way and how they will do so. I suggest much will depend upon the individual handling of a commodity. As marketing boards move away from the free

market and are not subject to any of the normal marketing forces, the problem of supply, price and the pattern of an industry will become more difficult to manage. Part of the reason for this can be related to the lack of guidelines.

These are some of the areas in respect of which I suggest we have to be careful when assessing the influence marketing boards can exert on prices. We must ask ourselves whether a marketing board should work in the interest of the producer or the consumer, and then we must decide where the saw-off should occur. These are some of the areas in respect of food prices that will have to be considered.

Generally speaking, wage and price controls have been successful in the short term, but often they are followed by periods of rapid inflation as controls gradually begin to weaken. Wage and price controls are initially successful because of the automatic squeeze on profits. This is a difficult situation because when profits are frozen, wages tend to rise somewhat. When wage and price controls become necessary, it is important that the government should maintain a reasonable economy so that the forces of inflation do not necessarily destroy the advantages created.

Thank you, Mr. Speaker, for the opportunity of speaking on this important matter.

[Translation]

Mr. C.-A. Gauthier (Roberval): Mr. Speaker, I avail myself of this opportunity to make a few remarks on the first report of the Special Committee on Trends in Food Prices.

I am a member of the committee and I was much concerned by the study we carried out and which was to culminate in the presentation of a report at an early date.

I can assure the House that presenting a first report after such brief sessions is quite a feat. I realized that when you begin to look into the causes behind the rise in consumer prices, attending a few committee meetings is certainly not sufficient to reach conclusions.

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There are several causes of the rise in consumer prices and when these causes are scrutinized at the respective levels of primary production, secondary production, processing, packaging, marketing and transport, one realizes that so many factors influence consumer prices that a standing committee should be created, made up of experts who, jointly with hon. members, would carry out control and research functions. In fact, hon. members should be on the committee in order to follow more closely all stages through which foodstuffs go from production to consumption.

Just to give you an idea of causes of rise in prices of farm products, for instance. People say that today the price of beef and other meats is spiraling. And they seek the reason for this at levels of production, slaughter-house and marketing. During the consideration in committee, I believe we forgot that there is something which influence even more the price of beef or other food in Canada and particularly in the province of Quebec. I refer to the price of feed grains, a factor that no one had suspected so far.