

reduction in federal sales tax on automobiles and on other hard goods is, in fact, being passed on to the consumer, as there would appear to be evidence here, with automobile prices going up, that the reduction is not being passed on?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, to begin with, I want to correct the hon. member in respect of his question to the Prime Minister. I never said food prices would go up by 14 per cent in a few months; I said the increase would be from 12 per cent to 14 per cent, year over year, in the next few months and 9 per cent to 10 per cent for the total year at the end of the year. That is a very gross misrepresentation, which is not unusual for the hon. member.

It is interesting to note that the non-food part of the consumer price index in fact declined over the past month. Furniture and clothing prices declined in that particular index. The main reason for the increase in the CPI is, as the Prime Minister stated, with respect to food, electricity and gasoline. With respect to those items on which we removed the sales tax, there has been a general decline—

● (1425)

Mr. Stevens: Car prices are up.

Mr. Allmand: —in the prices of those commodities. So far, the sales tax cut has been a success.

SPREAD BETWEEN PRICES PAID TO FARMERS AND THOSE PAID
BY CONSUMERS

Mr. Lorne Nystrom (Yorkton-Melville): Mr. Speaker, my question is addressed to the Minister of Consumer and Corporate Affairs. The Prime Minister has talked about food prices for farmers—we agree with his remarks in that regard—about the high price of imported foods.

I would like to ask the minister about the spread between the price the farmer gets for his produce and what the consumer pays for food produced in Canada. For example, in Winnipeg in the week of February 9, the year over year price increase which farmers received for chicken and turkey was seven cents a pound, but the consumer paid an extra 49 cents a pound for chicken and 36 cents a pound for turkey.

The minister has said many times that he would investigate this matter. I would like to ask, once and for all, what does he intend to do about it? Why are the farmers and consumers being ripped-off?

Hon. Warren Allmand (Minister of Consumer and Corporate Affairs): Mr. Speaker, the Minister of Finance last summer did request that the AIB do a study on price spreads or price-profit spreads in the food industry. The study was carried out by them and report was made in the fall. The report indicated that there was no exceptional profiteering and that there was really no change in the profit margins in the food industry.

Oral Questions

However, within recent months new evidence may have come to light. Anybody who has such evidence is encouraged to send it along to the director of investigations to see if there is any price-fixing or rigging of the marketplace whatever. I have referred the complaints of the hon. member to the director of investigations. But if it is something which does not come under the Combines Investigation Act, all we can do at the moment, since we are not in controls, is to try to analyse the reasons for these price increases and to bring moral pressure to bear if they are unusual.

Mr. Nystrom: Mr. Speaker, the farmer receives an extra seven cents a pound and the consumer pays an extra 49 cents a pound. Who is doing the monitoring in the minister's department? These figures are readily available to anyone.

The price of bread, as the minister must know, has gone up by about 10 cents or 12 cents a loaf, while the component cost, namely, the subsidy which the minister in charge of the Wheat Board took away from us, amounted to 3.5 cents a loaf. The minister said that he would look into this matter as well. Is the minister satisfied that the bakeries and bread companies are justified in raising the price by ten cents or more a loaf, and if he is satisfied with that increase, would he table the evidence?

Mr. Allmand: Mr. Speaker, the principal price monitoring group in the government is not within my department but under CSIP, which has replaced the AIB at the recommendation of the provinces. We refer different price increases to that group for analysis.

With respect to the price of bread, our prediction was that bread prices would increase by about six cents to seven cents a loaf as a result of the removal of the bread subsidy, and that was done in January. It is too early yet to know what companies are charging beyond that, and for what reasons.

Mr. Nystrom: Mr. Speaker, I wonder if that minister has control of anything. The input costs went up by approximately 3.5 cents. The Mallon report which was produced two or three years ago said that consumers in our country were paying up to 7 per cent more than they should because of the tremendous corporate concentration in the retail market.

Would the minister tell the House whether he is considering a policy statement or bringing a bill into the House which will break up the tremendous concentration which the retail stores enjoy in this country, particularly in western Canada?

Mr. Allmand: Mr. Speaker, this government has brought in three bills to deal with concentration, and we did not receive much support from either the hon. member's party or the official opposition.

Mr. Crosbie: Or the Prime Minister: he chopped it.

Mr. Allmand: I brought in Bill C-13 last fall to deal with concentrations, mergers and competition policy. I cannot remember one occasion on which the hon. member's party co-operated with us in proceeding with that bill.