

*Food Prices*

sure all members can appreciate the workload involved, especially since all sorts of other committees were meeting in an attempt to meet problems facing this country and to resolve them. It is a very heavy workload shared by members on all sides of this House. To say that a committee of this kind is futile begs the question. All countries in the western world have tried desperately to find a solution, but none of them has yet done so. Surely, the concentration shown by the members of the committee represented an honest effort, and I believe the recommendations the committee made were the very best possible in the time allowed. It was certainly not a futile exercise. We did learn some hard facts, and this is what I should like to discuss in the next few moments.

First, wage and price controls. We had before us during those intensive meetings over a period of eight or nine weeks representatives of anti-poverty groups, consumers' associations, of labour and business. There were wholesalers and advertisers and, in addition, representatives of government. And not one of those people who appeared before us suggested the solution they wanted involved wage and price controls. There were one or two witnesses who said perhaps price controls were the answer. They said, "Price controls, but we know that won't work; it must be both". Sitting on that committee as well as ourselves were members of the Official Opposition. Not one of the representatives of the groups I have mentioned advised us that wage and price controls were the answer. Even if it were within our domain to do so in conformity with the directions given us by parliament, how could we possibly come forward, as a responsible committee, with a recommendation of that kind when not one group said we should?

Wage and price controls have been tried in two countries to which Canada is very close. They have been tried in Britain and they have been tried in the United States. In both cases they have been hopeless failures. In Britain they have led to massive strikes. They have forced the nation almost to its knees already, economically, and placed it in jeopardy not only internally but in trying to compete in world trade. If that is a problem in Great Britain, with its small size and heavy concentration of population, imagine what would happen if there were similar repercussions here in Canada, with our small population and vast territory, particularly since we depend so heavily on trading and exporting in order to survive while maintaining our standard of living.

In the United States the attempt to control prices on a temporary basis was a hopeless failure. The three-phase system is now in its first phase. When the controls were lifted only a month or so ago, we found that in fact the consumer price index for food had risen, not by fractions of a point but by four points in one month. Yet the Official Opposition suggests that temporary wage and price controls are the answer. They should know better. It is a phrase which might easily appeal to a public which is preoccupied with its personal affairs, jobs and families, and which cannot find time in which to stand back and study the situation in depth. But anyone who has even a shallow knowledge of the subject knows that price controls of this kind cannot work and that we should not jeopardize the nation by doing anything as irresponsible as adopting them.

[Mr. Fleming.]

A temporary freeze of the kind suggested could give rise to a number of other repercussions which would be extremely serious. Later in my speech I will touch upon the real hardship caused by high food prices to people who must live on fixed incomes, people with large families, to people living in poverty, compounded by the constant inflationary factor we face. One difficulty is this. If wage and price controls are imposed on a temporary basis, the primary producer might well be encouraged to withhold supplies. This might have the effect, later, of forcing up food prices still further.

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Who are the people who would not be able to buy these goods if they were being sold on the black market illegally? Why, the poor, those with large families and those on fixed incomes. So, Mr. Speaker, I cannot think of anything more dangerous or irresponsible, anything that has less backing in world experience or which our committee heard more opposition to, than wage and price controls.

When you suggest that you can have wage and price controls but that you do not apply them at the farm gate, that again is a facetious argument. Because if your control begins at the top, it will work its way down to the bottom. The middlemen will say to the farmers; "We don't have the money to pay your prices", and this will hurt the farmers. It just does not make sense.

In our arguments before the committee and in our discussions it became obvious that part of the increase in the cost of food in Canada in the last year has indeed been a result of increased prices paid to the primary producers. But members on all sides of the committee agreed that that was not unfair. If there is any group in Canada that earns less or has a lower average income than any other, it is our farmers. Our farmers work long hours. They are dedicated people. In fact, they represent the principle on which this land has been built. So I do not argue, and I do not see how anybody else can argue, that they are receiving more money unfairly, even if it is reflected in the increased price of food.

With regard to the processors, because of the time limit that was put upon the committee to bring down an interim report, we were only able to talk with associations. I am satisfied that we do need more discussions with these groups, and I believe that this is in the making. The processors argued, and all evidence before us suggested, that their profit margin was somewhere between 1 per cent and 7 per cent. That certainly is not a profit margin that is considered excessive.

In the case of the retailers, their actual net profits range between 1 per cent and 1½ per cent and that certainly is not acceptable although I do believe there are many problems, which I will talk about in a minute or two, going on at that level which may in fact affect food prices.

There are several areas involved here. Volume discounts are one area which I hope the special or independent review board will consider. For instance, I know one wholesale company will offer, according to the volume taken by the retailer, as much as 15 per cent discount. In shipping and selling their goods to retailers in Canada, if those large retailers make up the principal part of the people they are selling to, you can imagine how that 15 per