

In view of the fact that the Committee, pursuant to its Order of Reference, had to make an Interim Report within two months of its first meeting, it was the recommendation of the Sub-Committee on Agenda and Procedure and adopted by the main Committee, that after hearing from Statistics Canada and two federal Ministers, namely, the Minister of Consumer and Corporate Affairs and the Minister of Agriculture, the Committee should then limit its witnesses to representative organizations. The Governments of the Province of Manitoba and the Province of Alberta both requested permission to appear before the Committee in the interest of presenting their points of view and your Committee was pleased to accede to these requests.

Several individuals, groups and organizations accepted the Committee's invitation to submit letters and briefs for the consideration of the Committee.

General Observations

This Report is based on the premise that the social and economic aspects of food price issues must be considered together.

The general increases in food prices are attributable to a number of factors each of which, in varying degrees, has put an upward pressure on prices. First, the major world producers of a number of foodstuffs experienced unusually bad weather which resulted in a smaller than usual aggregate supply of food, which in turn depleted the world reserves of wheat, feed grain and oil seeds. Further, the time lag involved in increasing supplies of meat animals compounded the problem. Because 1971 had been a year of over-supply, a large number of primary producers had to cut back on production in 1972. There was, therefore, a shortage of supply both in Canada and the rest of the world.

Secondly, over the past few years there had been a change in the demand pattern in Canada as well as in much of the rest of the world. As incomes rise, tastes change, and consumers the world over demand a better quality nutrition. The Committee has been provided with ample statistics showing the increased demand for beef and pork products which are generally high in protein. At the same time, the demand for foodstuffs rich in starch has been lagging. Put more bluntly, Canadians like meat and are willing to pay for it. There is a strong consumer demand for pork and beef and this has resulted in a short-supply situation. In consequence, prices have increased.

Factors Contributing to Food Costs

Without judging which items of cost are excessive (if any), it may be noted that the following contribute to the overall costs of food:

(a) Costs of operation faced by both the primary producers and the fishermen. (It would appear from the evidence that most primary producers are now getting a more equitable price for their products);

(b) Costs of processing;

(c) Costs of transportation;

(d) Costs of packaging;

(e) Costs of advertising;

(f) Costs of wholesaling and retailing;

It should be noted that each of the above involves labour costs, capital costs, investment income and taxes. Import tariffs are a factor requiring consideration. "Inflation" is hardly a separate factor, but a distinction may be made between all-pervasive inflationary influences, and other factors, in assessing price increases. Anticipation that price controls might be imposed has been noted as a possible contributor to price gains.

Impact of Food Price Increases

A significant number of Canadians have incomes so low that their positions were precarious at best even before the recent period of rapid food prices began. One major fact that has come out of the hearings is that the food price increases have turned some of these precarious situations into near-desperate ones. The National Anti-Poverty Organization indicated the difficulties faced by the working poor and by people retired and living on low incomes, on account of rising food costs. Increases in food prices bear disproportionately on the poor, because the proportion of income normally spent on food is greater for low-income groups than for people in higher income brackets. While we recognize that this problem has received a good deal of attention from Parliament, we feel that further action is needed and we will have more to say on the matter in our recommendations.

The Grocery Products Manufacturers of Canada summarized the views of many other witnesses who in one way or another presented data showing that rising incomes have regularly outpaced increases in overall consumer prices, in 1972 as in previous years. This finding of course does not contradict the conclusion that low-income and fixed-income groups are facing real hardship.

The Canadian primary producer's efficiency, coupled with that of others contributing to the output of the economy, has added significantly to the average family's purchasing power. Based on the average wage of factory workers, the Government of Alberta Brief presented some interesting statistics on what an hour's pay would buy in 1951, 1961 and in 1971: