

Adjournment Debate

CONSUMER AND CORPORATE AFFAIRS—PROFITS OF WHEAT MILLERS

● (1805)

Mr. Alan Redway (York East): Mr. Speaker, as you are well aware, my constituency is an urban one. It is a constituency which one might describe as being located in the geographic heart of Metropolitan Toronto. Therefore, it is not a constituency in which there are farms or rural areas. Having said that, I want to make it quite clear that I and my constituents have a great deal of sympathy for the present-day plight of Canadian farmers. We are only too well aware of the great problems facing Canadian farmers and we understand, for instance, that western Canadian wheat farmers, in particular, but also Ontario wheat farmers, have to compete in the international wheat market with producers of wheat around the world, particularly producers of wheat in Europe and in the United States. We understand as well that the Europeans and the Americans subsidize their wheat. We know that as a result of those subsidies and that competition, the world price of wheat has fallen to something like \$3.54 a bushel, which is approximately the price of wheat in 1974.

We know as well, and we have heard many times from Canadian western farmers, that the price of \$3.54 a bushel does not cover their production costs. It is no wonder, then, we have farm bankruptcies of a very substantial nature. Understanding all these things, we sympathize as consumers and urban dwellers with the plight of the western farmers and believe there must be some aid and assistance for western farmers.

Having said that, I want to ensure that you, Mr. Speaker, and other Members of the House, understand that I and my constituents, as consumers, are also concerned about what impact aid for farmers may have on the consumers. We have just gone through a period of very substantial inflation. It seems to be over for the moment, thank goodness, but it was in the double digit range for quite some time, in fact, two or three years. Inflation is now below 4 per cent. It is a more stable inflation than at any time since 1971. However, when my constituents go to the stores, they find that prices are still going up. It is not a question of prices rising at the same rate as before. They do not go up every day the way they once did. However, there is still an inflation rate and prices are still rising.

Those price increases impact most severely on people with very modest incomes. My constituency is one in which the income levels range from one end of the scale to the other. I have a quite substantial number of very modest income earners in my constituency, so it is of particular concern that the price increases impact on people with small and modest incomes more severely than they do on others. It is also of particular concern that increases in the price of staple products, such as bread and white flour, impact most severely on those people with modest incomes. That is because they do not have a discretionary income which they can choose to spend or not spend on staple items.

Having said all of that, we still understand and share the concerns of our western farm neighbours with the plight of raising wheat and trying to sell it at a lower cost than the cost of production. However, some of the suggested solutions cause us concern because we know that if we raise the domestic price of wheat, as has been suggested as a solution to the farmers' problems, that will impact on us as consumers, particularly because of the import restrictions on foreign flour imported into Canada. Because of those restrictions, the international price of wheat and flour cannot have any moderating effect on domestic prices in Canada.

As well, we have heard comments from the Canadian Federation of Agriculture, which assures us that a modest price increase in the domestic price of wheat will not impact severely on the price of a loaf of bread. In fact, it says that a \$1 per bushel increase will mean only a 1.5 cent-increase on a 24-ounce loaf of bread and that a \$3 per bushel increase will mean a less than 5-cent increase on a 24-ounce loaf of bread. At the same time, we also hear from the bakers that that will not be the case. They say that if the price of a bushel of wheat goes up by \$1, it will cost almost five cents more to buy a loaf of bread and, if the cost of a bushel of wheat goes up by \$3, it will cost some 15 cents more to buy a loaf of bread. There is a difference between the story we are hearing from the wheat farmers and the story we are hearing from the millers and bakers.

What is the reason for that difference? What is the answer? Obviously the answer is the middlemen, including the brokers, millers, bakers and retailers. We have a number of concerns about the middlemen. There are only a limited number of these people and, therefore, there is corporate concentration. There is a lack of competition in this area and that is reflected by the fact that Canadian millers' profits are 7.6 per cent of sales while U.S. millers' profits are only 1.8 per cent of sales. As well, we are concerned with the fact that when the price of wheat goes up, charges for middlemen increase on a percentage basis and not a flat rate basis. That may have been satisfactory in the past, but it is not satisfactory at the present time. You and I, Mr. Speaker, know that in many cases lawyers have had to give up percentage charges in favour of flat rates. It seems to me it is time the middlemen between the producers of wheat and the consumers of wheat do that as well.

I think there are answers to this problem. For instance, a special committee that is now studying the matter has before it an array of things that may be done. It may place controls on the situation, but there has to be an answer, and I am looking for that answer from the Parliamentary Secretary. I am looking for an answer that is fair to farmers but at the same time will not gouge consumers.

Mr. Bill Domm (Parliamentary Secretary to Minister of Consumer and Corporate Affairs and Canada Post): Mr.