

*Food Prices Committee*

are a net importer of agricultural products. While we do not have a genuine shortage in the sense that we cannot supply our food needs, nevertheless the supply of food is obviously a factor in pricing.

In the past two or three years there has been a price fluctuation in the poultry business. The price is governed by supply and demand. It prompted producers to endeavour to create marketing boards and concur in the government's proposal for the creation of marketing boards. That certainly has beneficial effects on the agricultural community which specializes in those products. However, far from being any rip-off, it will take some years before the poultry producers are able to recoup the losses they suffered in the past two or three years when prices were disastrously low.

Strangely enough, Canada is experiencing a shortage of potatoes. The price is indicative of this. Obviously, the government had some difficulty in programming wheat production. This was brought to the attention of the government and the public. The price of wheat is governed by short-term factors such as supply and demand; this is well known.

Previous speakers mentioned the impact of transportation costs on food. As a member from the maritime provinces, I know that is a substantial factor. That is one reason we in the Maritimes feel our cost of living is higher than it is in most areas of Canada. It is certainly higher than in the large centres where distribution is centralized and, therefore, more economical. Transportation problems in transporting food and other goods affect the cost of living in outlying areas. This is aggravated by rationalizing railroads and trucking service and diminishing production. The growing multiplicity of regulations affects both rail and road transportation. All these factors in fact cut off effective competition because these areas of endeavour are controlled as my friends to the left would like to have them controlled. The effect of these controls in the transportation industry has been, obviously, the limitation of competition and increases in prices.

• (2150)

Another factor to be considered is the increase in wages in the service industries, and by service industries I refer to services in the food industry. I have in mind the \$6 per hour figure for meat cutters. One hon. gentleman in the NDP apparently misunderstood that comment in that he felt it referred to somebody in a meat packing plant. Let me point out to him that it had reference to the horrible practice of large food chains employing meat cutters at \$6 to \$8 an hour. Certainly that is to be resented by a wage earner getting by on a minimum wage. If a meat cutter is getting \$6 or \$8 an hour for mincing 25 pounds of hamburger, one can imagine the effect on the price the store charges.

Another factor mentioned during my presence in the House by a member of the Creditiste party was the effect of taxes levied on our citizens by the federal government. These taxes have increased at a fantastic rate over the past few years and they have a direct bearing on food prices because they have a direct bearing on wages. Anyone who pays tax on profit or on wages will require larger profits or larger take-home pay in order to pay the

higher tax. Indeed, anyone with an ounce of sense can readily appreciate that a wage earner or a businessman earning a salary or making a profit of \$10,000 a year and paying increased tax must organize his affairs in such a way that his take-home pay is not affected. The only way he can do that is by demanding a higher wage or increased profits.

If I understood correctly the statistics I read, the price of food increased from 1961 to 1972 at an average rate in the vicinity of 5 per cent or 6 per cent. From 1961 to 1965 the food index increased by about 10 per cent; during 1967 it increased about 8 per cent, in 1968 by about 4 per cent and in 1969 by approximately 4 per cent. I hasten to say that these figures are fairly rough. In 1970 the food price index increased by about 3 per cent, and in 1972 it increased by 8.6 per cent. These increases are substantial.

Let us compare these increases with the increases in federal revenues. I might say that these increases have a direct bearing on the gross incomes people require in order to pay the additional tax. As I understand it, in 1969 the revenue of the government was \$10.1 billion. In 1970 this increased to \$12.3 billion. According to my calculation this is an increase of 23 per cent. In 1971, government revenues increased to \$12.8 billion, an increase of about 4 per cent; a very modest increase. In 1972 it increased to \$14.2 billion, an increase of 10 per cent.

With such an increase in revenue there must be an increase in gross wages earned in order to meet increased taxes and maintain the same take-home pay. Businessmen must also increase their profits. This increase is required by food chains, farmers, meat packing plants and wholesalers in order to meet increased taxes. I submit that this is one of the most important aspects of increasing costs.

I realize I am running out of time, but I should like to mention one other important aspect. This matter was referred to by another hon. member. As the representative of South Western Nova, this aspect is of particular interest in my area. I refer to increasing costs in terms of food as related to the multiplicity of government regulations. I realize that hon. members, whether they sit on this side or the other side of you, Mr. Speaker, may have a great deal of difficulty controlling regulations which are largely, I suspect, conceived in the minds of civil servants or those in the employ of the government who believe it is their duty to protect those people and products within their areas of responsibility.

As an example, let me refer to the multiplicity of regulations in effect in the fishing industry. They are forcing many small fish producing firms out of business. Most of these firms are in competition with each other. I have even heard it said that it is government policy that such regulations should have the effect over a period of a few years of reducing the number of firms in the fish business in Canada to five. At the present time there are hundreds of these firms. What is to become of these independent fish producers? What will become of all these independent agents presently competing in terms of prices paid to the fishermen and prices paid at the marketplace?

One other illustration of inflationary prices is that in respect of the cost of fishing boats. It came to my attention recently that a lobster fisherman has been paying in the neighbourhood of \$10,000 for the construction of his