

*Food Prices*

courages any attempt by the board to set itself up solely as an educational agency.

As the House knows, the special committee recently had the opportunity of meeting again with the board and of discussing with it its current activities. The board confirmed that it had in fact undertaken studies of the effects of controls in other countries and the first study on the experience, I must say apparently an unfortunate experience, of the United Kingdom has now been released.

The board further confirmed that it was not setting itself up solely as an educational agency. The government has acted to help ensure that the board is in a position to identify cases of unwarranted price increases by clarifying its terms of reference and by strengthening its investigative staff to enable it to carry out this kind of assignment. Members will be aware of the nationwide investigative survey now in progress at the retail level of food prices and pricing practices.

It is important to note, of course, that the board is an independent agency, and this was something recommended by the committee; it is an agency with wide investigative powers under the Inquiries Act. Because the board is an agency, independent of government, and it is not subject to the government's day to day direction. It was set up, as I have said, as an independent body and given an initial budget of some \$500,000. It has the authority to recruit its own staff as it saw fit. I do regret, however, that its chairman did not come to me to indicate her concerns about staff before the early evening of August 13. I say this because my position throughout has been that the board was, and is, entitled to full co-operation from the government.

There have been suggestions from one opposition party's spokesman about changing the format of the board. Let me say in a preliminary and general way that the proposal to give the board the power to roll back prices raises very serious questions for the consideration of all hon. members. Hon. members of the House should ask themselves if they want to give a totally independent body the power to make decisions that could and would have wide-ranging effects on the economy that would affect supply and wages as well. These would be decisions without appeal and would be made by a body not accountable to the Canadian people through parliament, yet the Canadian people would hold their members of parliament accountable for those decisions. I may also add that if some members are not satisfied with the kind of decisions now being made by the board, they should ask themselves whether they would necessarily be more satisfied with the decisions it would make if it had the authority to order roll-backs or not to order them as it saw fit.

Let me repeat what the Prime Minister stated on August 13:

—in the event that the board reports that significant instances of profiteering have occurred which the parties concerned are unwilling to correct voluntarily the government will seek parliamentary authority to undertake corrective action.

Also, on September 4 the Prime Minister made this statement. I happen to have the French text here:

*[Translation]*

If the Board points out glaring abuses which those responsible do not eliminate, the government will resort to its powers to take

[Mr. Gray.]

the necessary steps. If it needs other powers, it will not hesitate to call on Parliament.

*[English]*

The board's first report has demonstrated, in my view, its willingness to actively carry out its mandate, a mandate which is also in the form recommended by the special committee—one of reporting to the public its findings and making recommendations for action both to governments and to the private sector. The government has already responded in a positive way to the board's first major recommendation, that with regard to subsidies to limit the possible increase in the price of bread.

The special committee has also recognized the importance of competition in the food industry and has made several recommendations in this area. The committee was concerned in its report about certain alleged practices in the retail food business and asked the Combines Investigations Branch to make certain investigations. I think the House will be interested to learn that the Combines Branch had already begun a research inquiry into the food manufacturing industry in early July before, in fact, the Special Committee on Trends in Food Prices had prepared its second report. The purpose of this inquiry is to study concentration levels, advertising expenditures and performance of firms in the food manufacturing industry, generally speaking the kind of practices that the committee in its second report asked the Combines Branch to examine. When the inquiry is completed, its findings will be considered by the Restrictive Trade Practices Commission.

● (1750)

Let me also discuss another recommendation of the committee calling for the immediate publication of an assessment of the 1969-71 food price war that the committee thought had been prepared. It would appear that the committee had in mind the following statement on page 27 of the annual report of the Director of Investigation and Research for the year ended March 31, 1971. It followed the presentation of a statistical study of concentration in food retailing which had been carried out by the director. The statement is as follows:

These structural developments are consistent with the 'price war' that occurred in 1970 and 1971 even though its full effects remain to be assessed.

I have discussed this statement with the acting director and have been advised that the then director did not intend to convey the meaning taken from his statement by the committee. While developments in the food sector are kept under active review by the director as stated in the annual report, the director did not and does not have a study under way to assess and review the 1969-71 price war. It was simply intended to suggest that the structural changes which had occurred in food retailing had rendered the industry more prone to competition, that the price war which had erupted was consistent with that finding, and that the full effects of the price war "remained to be assessed". That is, that they had not been fully assessed.

Turning to another matter, in its first and second reports the special committee has spoken of the importance of the government's intention to modernize and update competition policy, particularly those areas dealing