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WHAT IS THE FOOD INDUSTRY'S PUBLIC RESPONSIBILITY AND HOW WELL IT IS BEING MET - GOVERNMENT VIEWPOINT

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I believe the food industry's public responsibility is to engage in unrestricted competition with the objective of making profits. Those who find themselves so engaged know that they cannot stand still; that their quest for superiority must be continuous. They know that they must seek continuously to identify the changing needs of consumers, and supply products to meet those needs. They know that they must constantly review their operations in search of economies, or they will be left behind by competitors who can and do offer superior value. They know that they must be tough and painstaking buyers, demanding of their suppliers the same quality of efficiency that they seek in their own operations.

Responsible behavior is not, in my opinion, incompatible with attainment of a major share of any market - provided that such growth is the result of superior performance.

But size, particularly the attainment of a significant degree of monopoly power, carries with it a different kind of responsibility - the responsibility to avoid using that power to impede the operation of the market system. The market system demands freedom of entry - I would prefer to say absence of artificial barriers to entry and go on to define "artificial" barriers as those imposed by leverage of market power rather than competition based on superior efficiency.

Let me illustrate this:

- A firm which has enjoyed the "quiet life" in the absence of any active competition leaves a new entrant and moves to foreclose to it channel of supply, storage depots and transportation facilities.
- Makes a dead-set on each newcomer's market using prices that it is not prepared to offer elsewhere.
- Uses the power of the deep purse to discipline a competitor for having taken independent action.

While not to my recollection typical of the food business, the problems of tier selling and full line forcing may be used to create artificial barriers to entry.

What I would emphasize is that these procedures may be used as substitutes for open competition and when this is the case I do not believe that the market system is being served. On the marketing side, I believe the food industry has a heavy responsibility for clear communications with its customers.

Again this is essential to the food operation of the market system because if consumers are able to discover exactly what they are offered and make realistic comparisons of value can the system work -

not only to maximize consumer satisfaction but also to reward the seller who has most clearly identified consumer wants or offered superior value.

Sometimes such identification needs the kind of coordination that can most easily be supplied by government and I know of no industry that has cooperated more fully with government in establishing standards, common terminology and other ingredients of description that have given consumers vastly improved

opportunity to make meaningful comparisons.

Responsible merchandising will build on this base and seek business by demonstrating real advantage rather than substituting a claim of excellence for excellence itself.

I agree with Mr. Lussier that in order to make the market system work, there must be an intelligent use of the information by consumers.