

we cannot control the price of coffee in Brazil or determine what grapefruit is going to cost.

An hon. Member: Or bananas for that matter.

Mr. Saltzman: No, nor bananas. But what we can do is to insulate ourselves from price increases that have nothing to do with any increase in the cost of production in Canada but arise from the cupidity of the owners of resources. What happened in this country is that those resources of which we pride ourselves on having a surplus are increasing in price. Oil is a perfect example. We have been exporting oil. The Americans are willing to pay more for oil, therefore Canadians must pay the same amount. Fortunately, the government has stepped into this situation, though not adequately or fast enough, but they may in fact have stumbled upon a policy without knowing anything about it.

As I say, the price of oil increases outside Canada. Canadians, therefore have to pay more. It is not a question of the cost of producing oil having gone up. To produce a barrel of crude in Canada costs less than \$2, including provincial taxes, yet it sells for \$4.50. So who gets the balance? That is the result after the government has been exceptionally generous. Both Liberals and Conservatives, the Conservatives more so than the Liberals, have said that it is iniquitous to tax the oil industry, that these companies cannot afford it, that we should not take away their special benefits. So, we had a white paper and the oil companies were left intact to profiteer in this country. But they do not have any commonsense. It is one thing to profiteer abroad; maybe you can get away with that. But if you do it in Canada, that is going too far.

Mr. Deputy Speaker: Order. I regret to interrupt the hon. member but I must inform him that, despite a certain indulgence by the Chair, the time allotted to him has expired. He may, however, continue with unanimous consent.

Some hon. Members: Agreed.

Mr. Saltzman: In deference to the many members who wish to speak, I shall now take my seat.

Mr. Deputy Speaker: I hear a no, so I regret to inform the hon. member he cannot continue.

Mr. John M. Reid (Parliamentary Secretary to President of the Privy Council): Mr. Speaker, I do not think I shall ever live to see the day in this House when anything proposed from the government benches is accepted with enthusiasm by members of the opposition. One of the great tragedies of the parliamentary system is that there are probably a great many sincere people on both sides of the fence who, owing to the operations of the parliamentary system, are dedicated to oppose each other. I do not for one moment denigrate the sincerity of hon. members on the other side, but I do feel it is extremely frustrating, in trying to make heads or tails of the debate on this subject, to try to put together the very sensible and interesting speeches by the hon. member for Don Valley (Mr. Gillies) and the hon. member for Qu'Appelle-Moose Mountain (Mr. Hamilton), I think it was, and compare them with speeches that have been made by their leader and other

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hon. members. What those two members did was to try to focus on the underlying nature of the difficulties that we face, while the others who have spoken for the official opposition have seemed to focus almost solely on the froth, on the surface of the debate, and on the political propositions they might be able to find.

One of the things I have been reading the past little while has been the study prepared by the Food Prices Review Board. I realize that to some people that is a dirty word, but this is a study entitled "Wage and Price Controls in Britain". This study is an attempt by the board to find out the real effect of direct controls by governments in other countries which have experimented with them. We all know, because of our close association, the disaster that controls have been in the United States and the way they were operated in order not to put controls on at the farm gate. However, the effect was to put controls on at the farm gate anyway because the farmers were unable to sell their produce at cost or at cost plus a profit to them.

To deal with the situation in Britain, I should like to quote a number of statements from Dr. Smith's study. Before doing so may I point out that one of the difficulties with economics is to find an economist you can trust and follow. There is an old saying: Where there are three economists meeting you have at least six opinions. The problem is that you cannot find any group of economists who agree from day to day, the only exception perhaps being the hon. member for Don Valley.

I want to quote an economist who hopefully will provide us with some long-term advice. In a study of the impact of wage and price controls in Great Britain this is what he had to say:

The frequency with which the British have resorted to an incomes policy over the past 25 years cannot be explained in terms of economic success of this type of policy. Many statistical studies have been made which have sought to estimate the divergence between actual wage and price movements and those which would have occurred in the absence of the policy. The results—though differing somewhat depending on statistical techniques used—suggest at times a short-run small positive effect, at times a short-run small perverse effect, and at other times no discernible effect; over the longer-run the studies have not found any lasting effect.

The conclusion reached after some 25 years of experiments with wage and price controls in Britain is that they have had no effect at all. And that is the policy that Her Majesty's official opposition wants us to follow in Canada, a policy that will have no effect at all. I am one of those who assumes that the Leader of the Opposition (Mr. Stanfield) is not a stupid man, that there must be some logical argument that he can advance in favour of using a policy that has been demonstrated to be bankrupt in Great Britain and just recently in the United States.

● (2240)

Professor Smith goes on to indicate exactly what the reason is.

An hon. Member: Is that Adam Smith?

Some hon. Members: Oh, oh!

An hon. Member: How did you ever hear about that?