

*Price Control*

I next ask whether any opposition member has honestly compared conditions in Canada with what is going on in other countries. Will any hon. member not admit that a good trial of a freeze on prices and wages was given both in the United States and in the United Kingdom? Even President Nixon admitted that if the freeze was not a failure it was at least unwise or unfortunate, and Mr. Shultz did the same. He criticized the freeze and what it caused. Shortages and increased prices were caused when the freeze was over. That is what such a freeze does. This is so simple that I do not think we need to emphasize it. What can you expect from a freeze but prices rising subsequent to it? In Great Britain it was a failure; everyone knows that. In fact, it could not really be brought into full operation because the government was afraid to do that after the first attempt. I think those facts are so fundamental that pretty soon the opposition will have to stop talking about silly price and wage controls and a 90-day freeze. It is becoming a ridiculous notion. When I go home, even Conservatives in my riding ask me why, since it does not work, the Conservatives keep proposing it.

So far as the immediate effects of this motion are concerned, it seems to me that what is proposed is in effect right now. As a matter of fact, last fall the Prime Minister (Mr. Trudeau) brought forward the idea of selective controls. This has been emphasized in the throne speech and to a certain extent it is in effect now. There is no doubt that we have some controls already on milk and on wheat, and in our export and import regulations we have had controls on vegetables and imports of various kinds. As announced by the Minister of Agriculture (Mr. Whelan), there will also be a control on the price of meat.

So far as concerns the idea of rolling back unjustifiable price increases by a prices review board, this is in operation now. The Food Prices Review Board has brought to court some firms that were found to be profiting unjustifiably. The question a Conservative member put to the hon. member for Yorkton-Melville (Mr. Nystrom) as to what is excess profit was a very good question. I think everybody realizes that to do business you have to make a profit. It is only having business in a healthy position and making a decent profit which keeps the country healthy, which keeps wages up and keeps the economy rolling along.

● (1610)

Excess profits are fairly simple to define. We know that with respect to simple mortgages and things like that, there has to be a certain level of interest. We know that companies cannot compete and have a decent profit unless they make between 15 per cent and 20 per cent. We know they have to make enough at least to cover their expenses and give some return to their shareholders. And we know they are taxed very heavily on profits. Excess profits are not the cause of inflation.

It has been well established by the Prices Review Board that there is no one nigger in the woodpile. We have had a very open review of food prices and costs. We know there are many factors involved. Here and there, there may be attempts made by certain wholesalers to collar a commodity market through selling to large chains, but this is being exposed and discouraged. There is no real, serious inequity in the whole price structure except that people want more

[Mr. Railton.]

and more processed types of food. That is about the long and the short of it.

I think the same could be said about government costs. We always have the opposition saying that the costs of government are going up and that our civil service is increasing by leaps and bounds. Do they know of any civil service in any other country that has the expertise and know-how of our Canadian civil service? Do they think we can get that for peanuts? The people of this country do not want a civil service which is not going to assist them in every way possible.

Through our Department of Industry, Trade and Commerce we help small businesses to get started, to set up their plants, and in other ways. We provide them with expertise on exports. In the Department of Agriculture we have a great many civil servants engaged solely in assisting farmers to find better methods of making better farm income and increasing productivity. In practically every other domain it is a case of service to the people of Canada who are constantly demanding more and more service.

We have the opposition saying that one of the big factors in inflation is the ridiculous spiralling of government costs and that a lot of this is due to an inflated civil service. But, Mr. Speaker, do not think for one minute that no matter which party forms the government the civil service will be reduced. The public like it this way. They deserve to have it this way. It is going to cost money, but it is a small part of the total cause of inflation.

I think it is time we publicly admitted that the biggest cause of inflation is world conditions. With two of my colleagues from the other side of the House, I had the opportunity to visit various countries during January. Mr. Speaker, there is no doubt that Canada is much better off than Japan. The total industrial effort of Japan is huge and Japan has huge stacks of money put away in various areas, but the people of Japan are not getting it. The workingman is living on \$1,000 a year and food costs there in proportion are about double what they are here.

So far as India is concerned, it will not have enough money to buy high-priced oil during the next year. It is not that any embargo was placed on India; it is just that with the huge increase in oil prices India will not have enough money to buy it. She will not even be able to cultivate her agricultural lands. People will not be able to light and heat their homes with kerosene, which is the only fuel they use. They do not have the huge electricity grid to supply power that we enjoy in Canada. They do not have self-sufficiency in oil and a good income for everybody, and by everybody I mean those above the poverty line. Out of a population of 560 million in India, only a few thousand people are not poor. Canada just cannot begin to compare herself with India.

The other country we visited was Iran. Their economy is a little better off than Japan's; people there live on about \$1,200 a year. They expect to raise that yearly by several hundred dollars and in about five years they hope to have people living as well in Iran as we do in Canada. This is because Iran is wealthy. Part of this is due to the fact that they have no strikes and no real democracy. They have democratic institutions which are very impressive to visit, but alongside every level of government is the shah's government. This goes all the way down to the bottom,