

Price Control

As I say, this proposition is different from an over-all system of wage and price controls. However, it does have some weaknesses that I would like to point out to my hon. friends on the other side of the House, to those on the far right so far as I am concerned. The first point I would make is that selective controls of this kind are bound to be arbitrary. They are bound to have a selective effect which may not be acceptable.

Selective controls are likely to single out particular groups for government action, and to leave others untouched. That is fine in theory, but the trouble is that it leads the government into a general program because every group in the community wants someone else to be the target of government action. Therefore it is very difficult to keep selective controls really selective. In due course one is drawn into a general program, and into exactly the weaknesses I have outlined in connection with over-all wage and price controls.

The second point is one of general application which relates not only to selective controls but also to over-all controls. It is the problem of anticipation. To bring forward measures of a general character, and they would have to be general to give the government power to impose price controls on anything, would cause anticipation. The same would apply to any measure brought in to impose over-all wage and price controls. All of the people selling goods in the country would be inclined to say, "Let us get our increases put into effect before the government takes these measures."

It could be argued that it would be necessary to give power to roll prices back, but if there was a general anticipation it would be impossible to roll everything back. Rolling back is possible only in selective cases.

Then we have another problem in selective price controls arising out of the nature of Canadian industry, namely, our tremendous dependence upon trade. Suppose the government or the Prices Review Board were to decide to impose selective controls on a particular kind of product, where it was alleged there was gouging, rip-off, or what-have-you, what would one do if a high proportion of such goods were moving in international trade? One would be forced, from putting on selective price controls, into selective export controls. In other words, in order to keep Canadians supplied with goods at any price, one would have to put on export controls to prevent all goods from leaving the country to get the higher prices available abroad. This is in the nature of selective controls; indeed, it is in the nature of over-all wage and price controls. In a country like Canada, with such a high proportion of income coming from trade, one is bound to follow price and wage controls by export controls, subsidies on imports, taxes on exports—the whole structure.

● (1500)

I say to my friends on the other side of the chamber that what appears to be a very simple selective plan, but would lead us, in my judgment, very rapidly into the kind of widespread controls that should be avoided if we are going to be able to deal with the inflationary situation that now faces the world. I should like to revert to that subject for a moment, Mr. Speaker. This is one of the few times in the world's history when we have had universal inflation.

[Mr. Sharp.]

Most of the great inflations in the past have been in particular countries. We think about German inflation, Brazilian inflation, Peruvian or Chilean inflation, but this is one of the few times in the history of the world when we have had universal inflation.

Mr. Hellyer: You don't understand it.

Mr. Sharp: We understand it very well and that is why we do not have pat answers like price control. We must deal with what is the underlying cause of our problem today. I will not go into the details of it as I think they are well known. Let us look at the food situation in the world. It is not going to be overcome or controlled in Canada. This is a problem of worldwide dimensions. Indeed, we may be on the verge of the most serious food problem the world has ever seen. I say this, not to justify the fact that we are not going in for price and wage controls or selective controls of the kind advocated by the other side but because there is only one answer to this problem: that is to increase production. This is what is needed in the world, whether in food, fuel, clothing or what-have-you.

The whole emphasis of government policy throughout the world must be upon increasing supply. Therefore, I say to my hon. friends opposite, not that their ideas do not have some merit but that those ideas are counterproductive in terms of what needs to be done in the world today. That is why the government does not accept the resolution before us.

Some hon. Members: Hear, hear!

Mr. Knowles (Winnipeg North Centre): What will you say when you do it?

[Translation]

Mr. Jean-Marie Boisvert (Drummond): Mr. Speaker, the NDP motion once more throws the light on the whole problem of the high cost of living and aims at making a suggestion to find a solution.

The motion states and I quote:

That this House calls on the Government to consider the immediate introduction of legislation designed to control selectively the prices of essential commodities and to give either to the Government or to a Prices Review Board the power to roll back unjustifiable price increases.

By moving such a motion, we are taking the well-being of the people into consideration. Anyone who comes in contact with the population, with reality, readily notices that inflation is beginning to hurt many Canadians.

Talk about shortages here and there if you want, but people do not believe a word of it. For instance, it is getting to be a joke to say there is an oil shortage in Canada. People are scoffed at but they do not fall into the trap as easily as the government would hope.

There are enough oil reserves in Canada not only for Canadian consumption but for that of a great part of the world. We are told that oil production reaches not more than a third of its capacity and that was true even before the discovery of the oil sands in northern Alberta and northern Saskatchewan. Surely price hikes are not due to shortages.