

Increased Cost of Living

ability of the industry. One of these was, of course, the Lift program. Another was the amendment to the Farm Products Marketing Act. At the present time this whole question is before the provincial courts. Last year the government spent \$2.25 million to reduce egg production, and of course the situation at present is that supply is short. Is this an efficient way to improve the income of egg producers?

Mr. Basford: Yes. They are getting the highest prices in history.

Mr. Murta: To sum up, Mr. Speaker, I think it must be stated again that farm prices would eventually be frozen at the present level. Prices at the farm gate, which would cover live cattle, hogs and so on, and possibly fresh vegetables—any product which had not reached the processor or was still in the hands of the producer—would not be affected. This would allow for any movement of products in North America, that is, the intercontinental movement of products, and in this way agricultural trade would not be impeded. This would last for a three-month period and would only apply if farm prices were at their present levels. As I mentioned earlier, there would be no need to use this formula if agricultural prices were low.

I have two more points. The agriculture committee will be fully involved in all stages throughout the duration of the total plan. Prices of all agricultural input such as seed, fertilizer and agricultural machinery would also be frozen. The selling price of products may be frozen, but on the other hand rising costs will also be curtailed. If our program is to work, all segments of society must be involved. Accordingly, I believe agriculture must play its part and must work along with society. In the present circumstances, having regard to the inflationary spiral which persists today I believe this program would be acceptable.

● (2140)

[Translation]

Mr. Eudore Allard (Rimouski): Mr. Speaker, since three thirty this afternoon we have heard hon. members of the opposition and the government speak about inflation. The Canadian people are aware of its existence; it is nothing new, neither to us nor to the Canadian people. But not one of those members was able to suggest a solution to the present problem or tell us how to remedy the situation otherwise than by freezing prices. We Creditistes believe that there is a better way.

The committee on food price trends presented its first report on April 2. It suggested no solution to the problem of increasing food prices. It was unable to do so because it did not tackle the fundamental cause of high food prices. Alerted by the general demands and protests of consumers who have a hard time making ends meet, the government has chosen to create a special committee of the House to fight against increasing prices. And as was to be expected, the committee has brought forth a first interim report advocating, as a solution, the creation of a "super committee" to inquire into price increases. We are not told how this committee will be created, who its members or what its powers will be, but anyway they wanted to give the Canadian people the impression that they had considered the problem of rising consumer prices.

[Mr. Murta.]

So what happens now? To remain in business, any producer must sell his products at a price at least equal or superior to the total amount he must spend to market them: raw materials, manpower, transport, maintenance and depreciation. All costs and expenditures of the producer must be included in the price of the finished product.

In the course of production, the community has received in the form of payments for raw materials, wages, transport, telephone and heating costs a total amount equal to total costs. Theoretically, consumers can buy the whole production, because the sums expended in the course of production and which are now in the hands of consumers are equal to the total costs and therefore to the total prices. Indeed, this is why the opponent of Social Credit can say that production permits the purchase of consumption, for the moneys paid out during production are equal to the overheads, and are thus equal to the total prices.

Let us take the producer and state the problem as if the producer sold directly to the consumer, without going through any middlemen. The latter do not change the elements of the problem; at worse, they just complicate it a bit. In order to remain in business, the producer must sell his product at a price equal to at least the total production costs. The cost of the raw materials, the cost of financing, the depreciation of plants and tools, the cost of transportation and communications, the cost of insurance and manpower, all the costs involved go to make up the final price of the product.

Taken overall, the community has received during production, in the form of payment for goods, services or salaries, a total amount which is equal to the overall cost of production. This is what we mean when we say that production permits the purchase of consumption, because the moneys paid out during production are equal to the overheads, and thus equal to the sum of the prices.

What about the producer's profit? Let us suppose that the producer wished to receive, not just a sum equalling his production expenses, or overheads, but, by means of the prices he asks, a sum greater than the actual production costs, so as to make a legitimate profit. The total of the prices will then be greater than the total costs or the total production expenses. This means that the purchasers will not have enough money in hand to buy the total production, at the set prices.

The reason for this is that the producer, who is in business to make a profit, does not pay out this profit during production, but obtains it from the consumer, by means of the prices that he sets on his products.

In other words, the retail price of a product is always higher than its actual cost. As only an amount equal to the actual cost is distributed during production, there results a gap in the community's purchasing power equal to the difference between the retail price and the actual cost.

As the community needs the production offered and its purchasing power falls short of the overall cost price, it borrows money, it runs into debts. This is the true reason for the entire community running into debt with finance companies, loan companies and banks.

Thus, the economy manages to work somehow or other, rather badly than well. With the years, debts go on