

Price Control

prices review board the power to roll back unjustifiable price increases.

He said: The purpose of this motion is to focus on two principal missing components in the government's anti-inflation policy. The first missing component is the power to rollback or prohibit unjustified price increases, and the second is to enable the selective control of prices of essential commodities. I emphasize that these are not the only components of an anti-inflation program and that there is in fact no single magic answer. But in our judgment these are the major missing components. Of course one might have dealt with such other features of an anti-inflation policy as programs leading to the extension of supply of commodities, to an exchange rate policy and to measures to protect the unsheltered in our society, those on low and fixed incomes, the unemployed, and so on.

The Canadian people recognize that some prices and costs are justifiable and reasonable and that there are other prices and costs, principally those of imports, which we cannot easily affect. But there are many prices which it is within our power to deal with, such as those of essential commodities produced or grown in Canada the price of which can be controlled without hardship to Canadians; for example, oil. Canadians will recognize as well that there are other types of price increases which are merely rip-offs, prices that are based upon the theory of charging what the traffic will bear.

Our motion this morning meets both of these problems head on and challenges this parliament seriously to deal with the fundamental problems of inflation. Has the need for rollback powers ever been more obvious than it is today? I think, for example, of the proceedings we have gone through in the last two or three weeks with respect to proposed bread price increases. We have a situation whereby the Food Prices Review Board established by this parliament asserted that only a two cent increase was justified. When the bakers said they were going to go ahead with their increase, we asked the minister what he was going to do. He waffled, he wobbled, he evaded. Of course, he had to do that because he did not have the power of rollback. I ask the government what its reaction will be if after next Wednesday's meetings of the Food Prices Review Board the bakers proceed with their previously announced intention to raise their prices to four cents, against the recommendations of that board and the better judgment of the Canadian people.

We have seen the price of beef at the retail level unresponsive to dropping prices at the farm gate. We have seen the price of steel rise and the price of sugar rise astronomically. We have seen the price of lumber and of other commodities increase because of what can be gained from selling the products abroad. I cannot say in all frankness at this moment to what extent price increases in all these commodities, and others which I might have named, are or are not justified, but I do know that in some cases the lack of justification seems clear. At a time when world demand-supply imbalances are creating substantial upward pressure on prices the temptation here in Canada to take advantage of that situation and to charge what the traffic will bear will be a great one. So will be the temptation to cash in some extra profits, to stretch margins a little further, to tack on a few cents and another few cents.

[Mr. Grier.]

We can see these few cent increases adding up over a period of time to a substantial sum of money.

Parliament's problem, the question that this House must face, is how we make sure that this temptation is resisted. I suggest we do so by empowering the government or some agency of the government to hold in reserve the explicit, unmistakable power to rollback prices and by being prepared to see that power is exercised as often and as forcefully as is necessary. We meet that problem by being ready to intervene, not indiscriminately but justly, and when increases cannot be justified, to roll them back if they have taken place, to prohibit them if they have not.

I suggest that there is among the Canadian people a mood of deep suspicion that something is wrong and that its cause is being covered up and not dealt with. Why else, they ask, would the government refuse to give itself this obvious, this commonsense power to intervene? What creates this suspicion? It is that at a time when consumer prices are going up and consumers themselves, especially the great majority who are on middle low or fixed incomes are really feeling the pinch, the business community, those from whom people buy the products and services they use, are doing very well indeed.

I want to direct the attention of the House to some profit figures. Corporate profits in 1973 were 40 per cent to 50 per cent higher than in 1972, according to a *Globe and Mail* study published last month, and may I mention in passing that 1972 was a very good year as well. As a percentage of the gross national product, profits rose to 12.4 per cent—their highest level since 1952. At the same time, wages and salaries as a proportion of the gross national product were down appreciably from their 1971 peak.

● (1230)

The same *Globe and Mail* study last month gave an informative breakdown of corporate profit increases in various sectors of the economy. Here are some of its findings, based on a representative sample of industry: profits in base metals went up almost 400 per cent in 1973 over 1972. Chemical companies enjoyed a profit increase in 1973 of 35 per cent. The construction and building materials sector enjoyed a profit hoist of 56 per cent, and the food processing sector a percentage increase over the last year of 50 per cent. Industrial mines showed an almost unbelievable increase of 569 per cent. Oil refining showed an increase of 42 per cent. The paper and forest products industry enjoyed a profit increase of 344 per cent. Real estate profits were up almost 100 per cent over last year. In the steel industry profits were up an average of 36 per cent, and western oils up 28 per cent. The total percentage profit increase of all companies sampled was 42 per cent in the year 1973 over 1972.

The *Globe and Mail's* analysis of these figures included the point that:

The strength in corporate profits continues a trend that began in the second quarter of 1971, but the pace accelerated considerably in 1973.

If we look at individual companies at random we find the following kinds of profit increase: Imperial Oil, 45 per cent; Shell Oil, 42 per cent; Gulf Oil, 58 per cent; Dome Petroleum, 83 per cent; Falconbridge Nickel, 770 per cent; International Nickel, 107 per cent; Noranda Mines, 75 per cent; Crown Zellerbach, 136 per cent; Consolidated Bath-