

action to control prices in a selective manner as called for in the motion before the House. Over 56 per cent of the average family's budget goes on food and housing. The housing shortage is so acute that the average family can no longer afford to buy a home. Those who do are saddled with astronomical interest rates on their mortgages.

According to the Speech from the Throne, the government is going to solve our problems by concentrating on increasing supply. I suppose that approach could help; but, Mr. Speaker, what is the use of increasing supply if you have a government which cannot, or will not, come to grips with the problems of distribution and cost?

We have never really been short of oil in this country. There is a great deal of oil. The trouble is that the oil companies have it and governments of the past, as well as this one, have allowed them free rein in playing around with the distribution, pricing and control of supply of that natural resource instead of moving into true public control and ownership of this vital commodity. The problem, in my opinion, largely involves distribution and control. The government must exercise greater control over essential commodities as the motion suggests.

If this government will not take steps to do that, what are the alternatives? A Conservative government, with its built-in oil lobby and labour-hating backbenchers? A discredited wage and price control or freeze policy is no answer because policies like that will take us back to the nineteenth century. Such government would be another big business-oriented government and would be like the government of the social creditors under whom we suffered in B.C. for so many years. Notice, I referred to social "creditors," Mr. Speaker.

The Canadian people will surely grow impatient with continuous inaction and will resort to the only recourse left to them which involves, aside from eventually electing a government which cares about people first, action to organize themselves into collective action groups. I hope sincerely that they do this soon. Mr. Speaker, I urge the government to give immediate effect to the motion before us.

**Mr. Bill Clarke (Vancouver Quadra):** Mr. Speaker, I last spoke in the House on food prices about one year ago, on the motion of the hon. member for Vancouver Kingsway (Mrs. MacInnis) calling for the first report of the Special Committee on Trends in Food Prices to be concurred in. What has happened since then, Mr. Speaker? That committee has published 35 minute books covering 44 meetings and examined 100 witnesses.

Now we have the Food Prices Review Board, which is also good at producing books. It has produced its first report. There have been two quarterly reports, and another is due soon. We have seen the wage and price control study to do with Britain. Retail food stores have been surveyed, and we have seen the report on egg prices and, recently, the report on bread prices. Yes, now there is the Food Prices Review Board with a permanent staff of 45 and a very expensive chairman who carries the rank of deputy minister. The board spent about \$1 million in the current fiscal year about to end and will nearly double that expenditure, to about \$1.9 million, in the coming fiscal year. And where are food prices now? After all these

### Price Control

reports, food prices are up. Beef is up by 25 per cent, poultry by 34 per cent, and eggs have risen by 26 per cent, all in one year.

I should like to examine the motion for a moment, Mr. Speaker. The NDP says, "Give the government more power so that it can do something." It is fine for them to say that, now that they are part of the government and feel they deserve power. But let us look at the exact wording of the motion. Its very language reveals the socialists' ignorance of economics. The socialists want "to control selectively the prices of essential commodities." The government has boasted that it has imposed selective controls. Look at the chaos we now face. The NDP motion goes on to say that the government or board should "roll back unjustifiable price increases."

When will those people learn that the government has no power to do anything of the sort? The socialists do not understand the nature and function of prices. They believe that prices somehow are determined by costs of production, whereas in reality the price of a product at any given time has nothing to do with the cost of production.

Before I came to this place I had been involved in producing businesses, particularly in the real estate field. I know of many instances of property selling well below the cost of production, and many a bankrupt manufacturer can testify to the correctness of what I have said. The purchaser is not interested in the cost of production. He is interested in paying the lowest possible price. He is interested in what any particular item is worth to him. The Marxist idea that prices are determined by the cost of production is nonsensical. In reality, the opposite is true.

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Market prices of consumer goods and services today determine the amount of production tomorrow. When a person sees that the price of a particular product is high enough to enable him to produce and sell it at a profit, he will produce that product unless he sees that other producers are already moving toward increasing that supply to meet the consumer need. That is why we have market surveys. If other producers have already scheduled enough additional production to increase the supply of a product so that the price will fall to a level making the price unattractive, i.e. unprofitable, then our producer will pass that product.

This marketing system is really marvellous. It spontaneously directs, by means of the profit motive, producers to increase or decrease production. That is how prices determine production. However, they perform another very valuable function as well. They clear markets. If consumer demand for chickens falls, grocers will reduce their prices in order to move them, otherwise they will be stuck with old chickens on their shelves. If consumer demand for chicken rises, grocers will find that chickens are being cleared off their shelves faster than they can be replenished. If they do not mark up their posted prices, early shoppers will clear out the supply and later shoppers will find none available in the store at any price.

Suppose politicians decide that prices should not rise in accordance with demand. The early shoppers would clear out the available supply. If the late shoppers wanted any chickens at all, they would have to go into the free market,