

## Governments and the price control

Governments should not act as middle-man to control the prices of goods. Instead, corporations should be allowed to determine their prices under the principles of supply and demand. In Pakistan, which is a ~~set~~ seller's market, goods are often scarce and also vanish altogether from the market when they are in demand. In this case, illegal price hikes also become common. Therefore, government should strive for the establishment of a buyer's market, which promotes competition. It leads to better quality and low prices of goods. However, competition also ~~cause~~ leads to unnecessary ~~products~~ advertisements, which compounds the costs of products. Furthermore, advertisements make people buy things that they do not need.

words in precis = 106

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PRECIS EXERCISE

**Q:** Write a précis of the following passage in about 100 words and suggest the title: (20+5)

Some societies have experimented with eliminating the middleman. Prices can certainly be controlled better if the government acts as the middleman, because, after all, goods have to be lifted and transported to the other parts of the country. But governments are not usually very efficient or quick in these matters. Nor are they economical – a lot of file and paperwork involving a lot of people adds up to a lot of indirect expense. Although in theory it ought to be possible to reduce prices by eliminating the middleman, in practice it seems to be an essential evil.

Business can be left to find its own level in accordance with the so-called 'laws' of supply and demand. By and large, Pakistan is what is called a 'seller's market' because essential goods are usually in short supply or are inclined to fall below the needs of an overgrowing population. Market manipulation in such a situation is easy and unfortunately fairly common. Goods usually disappear at about the time they are needed most, leading to price spirals and malpractices. Price control under such circumstances becomes a little unrealistic unless a huge department can be set up with vigilance teams and inspectors empowered to raid shops and warehouses. The effort to control a seller's market is so great and the cost so high that in fact not a great deal of control can be exercised. An alternative method is to encourage the growth of 'buyer's market' in which the customer has a choice between many competing products. Competition automatically forces good quality and low prices on the goods. This is at present only possible in the high production areas of the world. But competition leads to malpractices of a different kind. Survival for a business often depends upon the destruction of competing business and big companies have a natural advantage over small ones. An obsessive drive to 'sell' is generated in such a system. Huge sums are spent on advertising, the costs of which are transferred to the buyer. People are tricked and badgered into buying things they do not really need.