

*The Budget—Mr. C. Cameron*

to submit to agreeing to a certain measure of further inflation in order to persuade the chartered banks to re-enter the mortgage field and overcome the situation which has been so steadily and gallantly denied in this house day after day and week after week by the Minister of Public Works, who has been standing in his place, and uttering fatuous nonsense to the effect that the housing situation is perfectly all right and that there had been no dangerous decline whatever. Of course, it has since been revealed that there has been an alarming slump, a decline which is particularly alarming in view of the stepped-up policy now being adopted by the Minister of Citizenship and Immigration.

Today we heard something about that, and Mr. Coyne had to agree to a certain measure of inflation. And now, sir, I would like to read to you a short paragraph from an article which appeared this week in a United States periodical. It says this:

It has in fact been admitted that the plan was wrong. The admitted errors consist briefly in this: the plan, it is said, was not based on a realistic assessment of available resources; it included over-ambitious schemes for capital investment threatening to freeze too much capital in too many long-term construction projects, and it did not allocate adequate resources for solving the housing problem.

Now, Mr. Speaker, you might imagine that is Coyne on Canada, but it is not. It is an American economist on the Soviet economy. So we find that the totalitarians in the Kremlin and the latitudinarians in Ottawa have reached the same disastrous impasse, though by different routes. And the root cause is the same. In the Soviet union there has been a grave error of judgment, and because they have a totalitarian government there has been no means by which the ordinary Russian citizen could make his views felt with regard to the division of investment in his country. In both countries we have had an irresponsible group not susceptible to public control. But there is one difference, sir. In Canada we have, or have always assumed that we have, a government that is subject to public control. And I suggest to you, Mr. Speaker, that if and when the government of Canada takes the first step recommended by Mr. Coyne, and finds it will afterwards be obliged to take a second, a third and a fourth, and begins to assume responsibility for the direction of investment in Canada, then the people of Canada will have some means of controlling the direction in which their investment is to take place.

It might not be sufficient, Mr. Speaker, to control inflation by directing investment, by curtailing depreciation allowances, by repealing the 20 per cent tax dividend income

rebate, by perhaps increasing the corporation income tax. All these measures may prove ineffective in the face of another situation which confronts us in Canada today, and that is the enormous power of certain basic industries to make their own decisions with regard to prices relatively free of any competitive control.

I have some figures here drawn from dominion bureau of statistics publications which indicate the way in which some of these price increases have been made, and how little relation they bear to the actual economic facts governing the industry. We have, for instance, the mining, quarrying and oil wells group, and we have figures for the increase in sales and the increase in profits, in this particular case between 1954 and 1955. Mining, quarrying and oil wells increased their sales by 24 per cent and increased their profits by 63.8 per cent. Iron and steel did even better. Iron and steel sold 10.5 per cent more in 1955 than in 1954 and took 48.7 per cent more in profits. Petroleum and coal products increased their sales by 11.3 per cent and increased their profits by 27.1 per cent. Chemical products increased their sales by 12.1 per cent and increased their profits by 33 per cent.

I suggest to you, sir, that these large basic industries which are, after all, the economic foundation of the Canadian economy, cannot be allowed indefinitely to upset the whole economic apperecart and to introduce even more inflationary pressures than those that have been generated already. These increases in profits are, of course, reflections of increases in prices.

I want to make it quite clear, sir, that I am not advocating anything in the nature of price control. I am well aware of the difficulty of administering that.

I am well aware of the fact that there would always be appeals from such controls and you would finally have a complex and inequitable structure very costly and very difficult to administer. But I do suggest to you, sir, that if we are going to deal with the problem of inflation, before long we are going to have to embark on a measure of control that will go far beyond what is suggested in Mr. Coyne's report, and that these basic industries in Canada which are now in a position to inflate the economy almost on their own will have to be brought under public ownership and control if we are to have some stability in our economy. I want to remind you, sir, that the governor of the Bank of Canada tells us that not only do the people of Canada suffer from inflation as it is developing, but that there is an inevitable end result to an inflationary period and that is depression.