

*The Canadian Economy*

I am not relating my remarks entirely to groups we know as labour unions or the labour movement. They are a very important segment of our society. I do not know where we would be today were it not for the work of organized labour which has done its best to bring about a proper sharing of prosperity in this country. Nevertheless we have these pendulum swings, swinging one way a little too far and swinging the other way. I am not suggesting that the labour movement, or organized salaried and wage earners, such as teachers, or landlords and other service industries, are the only contributing factors to inflation, but what we must do at the present time is control costs.

In the days ahead I am convinced it will be proven that the Prime Minister was right. Failure to use a heavy hand may be the only criticism that we will hear in the days and years to come. I have to confess that although I have been in business more years than I care to remember, I do not own a slide rule. The reason for this is that I could not find one showing the multitude of variables that daily beset the businessman. I did learn, possibly the hard way, that when the cost of anything that I purchased went up it was considered inflationary. I also have bruises to prove that when the cost of production went up I either found a way to alleviate the situation or to dodge the banker and the sheriff.

Therefore, I submit that notwithstanding the volumes written by economists, some of them not yet out of school, there are but three ways to beat rising production costs. I bring up this point at this time because we are faced with very serious problems regarding the export of products around the world. At the present time we are confronted with a 10 per cent surtax imposed by the United States, plus two or three other very serious programs recently implemented. We have two things we can do: we can sit here and twiddle our thumbs or we can do something about it.

As I say, I believe there are only three ways to beat rising production costs. The first is to increase productivity to arrest unit costs. The second is to decrease production costs at some other level, although I never really found one. The third is to increase the selling price to maintain the essential percentage above the unit cost. Now, we have inflation. I can recall being aware of the fact that there was no such thing as a static position in business. The operation proceeds forward or backward. A forward movement requires additional risk capital. I hesitate to use the word here, but risk capital, if you will pardon the expression, is derived from profit. Yet, Mr. Speaker, the word "profit" is apparently a dirty word in this place. I was never able to lure investment capital from wage or salary earners. They wanted blue chip investments, and I do not blame them. However, I now find after all these years of reasonably successful operation I was wrong. I should like to quote from the *Chilwick Progress*.

• (12:50 a.m.)

**Some hon. Members:** Hear, hear!

**Mr. Pringle:** It is one of the greatest weekly newspapers in the country. I am quoting from a statement which was made by Mr. Tommy Douglas. He said this:

[Mr. Pringle.]

Profit does not make jobs, despite President Nixon's stand that "controls on everything except profits will create jobs". Instead, giving big business the go-ahead to create greater profits in order to stimulate the economy would only result in more automation which would mean fewer jobs.

"Redistribution of income is the key to an improved economy", he continued.

Boy, have I been doing things wrong—profit provided all my risk capital and more jobs through expansion. The question in my mind is, whose income is he talking about? This statement could have been a Freudian slip, but at least he told his followers that if the NDP had their way they would redistribute their followers income, unless of course his followers had no income and I doubt this very much. However, I would like to qualify my statement by saying that the affair was a farewell party to Tommy Douglas and I am sure that all of us in this House wish him well in his new position in the wings. At least he had the consideration to retire to the wings.

I was interested in the remarks of the new Leader of the NDP, that master of miscalculation. I heard him say that the 3 per cent reduction in tax was not based on a graduated scale. Surely, even he must realize that all personal income tax is graduated. I would suggest to the Leader of the NDP that if his salary requires a 60 per cent tax, he will now pay 57 per cent. Those who pay 17 per cent will be paying 14 per cent, and three-quarters of a million people will pay no tax when this bill is passed.

**Mr. Knowles (Winnipeg North Centre):** Would the hon. member permit a question?

**Mr. Pringle:** May I finish my speech first, and then I will be happy to attempt to answer the hon. member. There is a wide graduation between 14 per cent and 57 per cent. I have an idea what the hon. member will ask me, and I want to think of an answer.

Now that the Minister of Finance has provided the base for a terrific boost to the economy, is it not time that all those who contribute to costs—and I emphasize the word "costs";—did some serious soul-searching. I am not speaking only of the guy who sweeps the floor or the man who puts the money in the vault, but rather about every one of us in the country who contributes in any way to costs. The Americans have thrown down the gauntlet, not only to their trading partners such as we are but to those on the home front as well. A decision has been made in the USA that rising costs must be arrested, not only prices and incomes, but all costs.

I was delighted to learn that the American labour unions have decided to co-operate. I wonder why they did not persuade their Canadian subsidiary unions to do this when the Prime Minister (Mr. Trudeau) requested their co-operation for Canada. Therefore, it now appears that there is a really important job for the NDP, and I am happy that I may be the first one to announce this in the House of Commons. After all these years, I believe they could provide a service to the Canadian people. They could persuade organized labour, for whom apparently they are a type of recognized political arm, that Canadian unions should cool it, that they should avoid excessive demands for increases. Possibly they could go a little bit further by providing leadership and by setting an example for the rest of the people.