

And later he said:

The problem of today is to increase production to fill the gap between the quantity of goods on the market and the amount of purchasing power available to buy those goods. We must remove the idea of spinning out production in order to avoid unemployment, or of restricting output in order to safeguard earnings. On the contrary, industry, employers and workers alike, must be ready to adopt every possible means of increasing production, secure in the knowledge that this does not carry with it any threat to employment.

I say I think we can agree on the question of production, and I come next to the question of incentive. That is not so easy; nevertheless I feel—and I have now in mind particularly hon. gentlemen immediately to my left—that particularly when you are talking to those who are farmers you are talking to people who do understand incentive, because after all if there is any man in the world who has an incentive it is the farmer, who works and gets the fruits of his own labour under his own vine and fig tree. Therefore I suggest that when farmers are thinking about this question of incentive they must have very much the same attitude as the rest of us; and I suggest also that when farmers are thinking about controls they should realize—and I think this is very important—that by far the greater part of their own economic life is lived entirely free of controls, that the only controls they seek, as far as I know, are controls in connection with prices and in connection with their own marketing. The great part of their life is entirely free of controls.

In connection with this matter of incentive I should like to read an extract from an article appearing in the London *Economist*, that great English liberal weekly. I always object to the fact that this fine word "liberal" has been appropriated by a political party. Today I was wondering if one could not accuse the Liberal party of something like grand larceny for having chosen this word, which is a fine and noble word, and put it to uses which even the Minister of National Health and Welfare (Mr. Martin) would not suggest are always fine or always noble.

Mr. MARTIN: May I respectfully point out that the hon. gentleman belongs to a party that once used the word "Liberal", but for some reason best know to itself, dropped it.

Mr. MACDONNELL (Muskoka-Ontario): We found ourselves in bad company, and thought we had better get away from it.

Mr. KNOWLES: You took the word "Progressive" from them.

[Mr. Macdonnell.]

Mr. MACDONNELL (Muskoka-Ontario): Oh, no; I think they took it from us. On this question of incentive I should like to read from an article called "The Carrot and the Stick", which appeared in the London *Economist*. I recommend it to everyone who has not read it, because it seems to me to go to the basis of these matters, and the paragraph I am going to read at least has this advantage, that it criticizes everybody right across the board, the government, employers and employees. It ladles out criticism indiscriminately. It says:

But the whole drift of British society for two generations past has been to whittle away both at the carrot and the stick, until now very little of either is left.

Hon. gentlemen will appreciate, probably, that the carrot is the incentive which comes from profit and one's own earnings, the stick is the incentive such as you have in Russia, which comes from fear of unemployment, or some other kind of fear.

An hon. MEMBER: Who is the donkey?

Mr. MACDONNELL (Muskoka-Ontario): We are the donkey. The article continues:

The rewards of success have not merely been shrivelled, they have been poisoned, since commercial success itself has been turned, in the eyes of wide circles of society, into a positive disgrace.

I should like to interject at that point a quotation from an English farmer. And I should think that my quoting from a farmer would commend itself to some extent. He has one or two things to say about industry which I have found most interesting, and which I should like to interject right here. This is what he says:

In fact, for some years now if a man dared to risk capital in any private enterprise he has been popularly and officially looked upon as a blood-sucking parasite, a regrettable but necessary nuisance, whose task should be made as difficult as possible. In short, the employer, as a member of the "boss class," must be hated and scorned, whereas the reformer or anyone whose job it is to inspect the employer's methods, is nationally applauded and respected. Yet I doubt very much whether a life spent in inspecting the work of other men is so wholly admirable.

And later on:

My point is that while the old system runs it is the members of the much despised and hated "boss class," who at their own risk finance, start, run, maintain and worry over productive enterprise; and that the reformer neither starts any business, runs one, nor risks any of his capital in one.

And I think at that point I might quote Mr. Churchill, who once made, as he so often did, an apt remark in this connection. He