

Increased Cost of Living

increase for wages and salaries was 11.1 per cent over 1964. I would point out that I said "wages and salaries". The figures which have been produced show that salaries have gone up 27 per cent higher than the wage increase. If one takes out the salaries, the increase in 1965 over 1964 for wages alone was only 5.2 per cent; but when we lump them together, wages and salaries in 1965 went up 11.1 per cent over 1964. However, in that year corporation profits went up by 13½ per cent. If one goes back a year further, one finds that in 1964 wages and salaries combined went up by 8.7 per cent over 1963, but that corporation profits in 1964 went up by 14.6 per cent over 1963.

• (4:40 p.m.)

Some very useful figures have come to hand from the Dominion Bureau of Statistics setting forth the relative increase as between prices, incomes, wages and profits. I should like to quote from an article in the Vancouver *Sun* of September 13 this year, written by Mr. Ken Smith from Toronto for the Canadian press:

Canada's recovery from the recession of the late 1950's has followed the classical economic pattern, with corporate profits, wages and salaries and productivity climbing much faster than the cost of living—at least, until recently.

The biggest gains since 1961, when the current boom started, have been recorded by corporate profits but now wages and salaries and living costs appear to be accelerating more rapidly while the increase in rate of profit seems to be slowing.

The article goes on to point out that if we take 1961 as the base year for all these indices at 100, placing productivity, wages and salaries, and profits for the year 1961 each at 100, this is what we find by the time we arrive at December 31, 1965. At the end of 1965 productivity had reached 136.8 and wages and salaries—I combine them—had reached 135.3. I pause there to point out that it will be noticed that wages increased but at the end of 1965 they were still 1.5 per cent below productivity. Therefore, wages could not possibly have pushed up the cost of living since they had not even kept pace with increased productivity. But at the end of 1965 profits had reached the figure of 152.9, or 16 per cent above productivity.

One has only to look at these figures to see what has been causing the increase in the cost of living. Productivity had increased to 136.8, increased wages were still below the productivity, but profits were 16 per cent above productivity. To be perfectly fair, I should give the figures that are also available for the

[Mr. Douglas.]

first three months of this year because whenever we have a period of economic boom, profits start to accelerate, wages are slow and tend to catch up gradually, and the cost of living by that time usually gets completely out of hand. In the first three months of this year—still using 1961 as 100—productivity had reached 145.57, wages had gone up to 145.6, almost tied with productivity, but profits had increased over 1965 and had reached the figure of 157.6, a further increase of some 5 percentage points over last year.

There can be no doubt in my mind that these official figures demonstrate beyond any argument that the main culprit responsible for the spiralling cost of living has been excessive profiteering and unconscionable greed.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): May I ask the hon. member a question? I certainly agree with many of the points made by the hon. member for Burnaby-Coquitlam but I should like to ask him whether the profit figure—I forget what the percentage was, I believe he said it was 15.6—is before or after distribution of dividends?

Mr. Douglas: The figure was after payment of taxes, it was 157.6.

As I was saying, it seems to me these figures demonstrate beyond any argument that increased wages have not so far been responsible for the spiralling cost of living. If wages increase faster than productivity they will be responsible, but so far they have been lagging behind and now are just about on a par with productivity. From 1961 to the present, constantly accelerated corporation profits and dividends have resulted in profits far exceeding productivity, and have been the main culprit causing the cost of living to go to the very high figure which it has reached. The result has been that in the past 12 months the cost of living has gone up some 4.3 per cent and, what is even more serious, the cost of food has gone up nearly 8 per cent.

There have been some attempts to blame the farmers for this increase in the cost of food, but what is significant is that although the prices of many of the food items have risen, the return to the farmers has actually gone down. In the 12 month period when bread went up 2 cents a loaf, the price of wheat dropped 17 cents a bushel. During the past summer when Canada Packers employees were on strike with the resulting glut on the hog market and the price of hogs on the