

*The Address—Mr. Macdonnell*

anybody could read that book by James Lincoln without being impressed. Furthermore, when you get the figures, you realize it is little short of a miracle. As you recall, he said if he could get people in the company to want the company to succeed as earnestly as he did there would be no problem that they could not solve together. This man has proven the truth of that statement, just as other people have. Lush said that he was afraid of what would happen in a bad year but when a bad year came the men took it in their stride without complaint. This impressed him and it impressed me very much.

I cannot see any invalidity in this argument of co-partnership and making the men feel they are part of the show. It only wants a little thought to realize that if the men believe they are part of the show they will be absolutely different. Indeed, the argument goes farther. It is that when men have a feeling that any improvement is going to go automatically into the pocket of the shareholder, whom they do not know and of whom they are suspicious, why would they try to work better? He says they will not, and I am afraid that may be true.

I come back now to what Amory and others have said about the responsibility of management. I have been very clear in what I have read to you. Lincoln is even clearer, and I read that to you. What is the answer? Are these men right or wrong? I cannot believe they are wrong. As I read this book through, I was deeply impressed. The figures are there and you can find out what happened with regard to the Lincoln Electric Company. There is nothing phony about it. I can see no catch in it at all.

Now, I have suggested that the remedy proposed by the Minister of Finance (Mr. Fleming) and the Minister of Trade and Commerce (Mr. Hees) is the right remedy and that their appeals to the business world should have been taken more seriously. The suggestion is that there should be more partnership. I have read to you what Amory has to say about it. I have read to you what Lush has to say about it. I have told you that I have been in touch with the people in Simpsons, who told me there was no question about the soundness of co-operation. Simpsons is not a small organization, it is a big organization. Dominion Foundry and Steel in Hamilton is not a fly by night operation; it is a big organization and they practise it. It is increasing. It has multiplied about ten times in the United States.

For the life of me, I cannot see why it should not expand. I think I can understand what the difficulty is. I heard of one meeting in which two believers in profit sharing talked

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with a group of businessmen, but they did not get anywhere. I believe it was Lush who told me that the reason they did not get anywhere was most of the men there were not owners, they were managers. He said he thought these men would have liked to go along the lines of profit sharing but their owners did not like it. I am afraid that is an attitude which has become widespread among shareholders. They take the attitude, this is ours and we can do what we like with it. I believe that idea is not only bad for the company, I believe it is bad for the country.

Now, I always hesitate to suggest legislation as a remedy, but perhaps there should be a tax benefit to companies who practise some kind of sharing with the men. There is no magic about profit sharing. It can be done through shareholdings as one method. Whether or not there should be a tax advantage to give people some inducement to practise this method, I do not know. I feel as sure as I am standing here that it is one method of getting us out of our difficulties. The men whom I have quoted have no doubt, and they are people who should know. The results are not balanced or uncertain; the results are clear and convincing, even startling.

I wish I had Churchill's voice so that it would carry. I was never so sure in my life that I am right. I wish I could do something to help the minister. He has tried his best, but it is difficult. He has met a lot of rather stiff opposition from the ordinary company management.

Of course, it is not going to be easy. Some of my business friends have pointed this out and I said to them I do not pretend it is going to be easy. I think it is going to be very hard because I believe it means that you men have not only got to take the initiative, you have got to make the people across the table feel you are sincere and pretty nearly have got to admit you have been in the wrong". All these authorities think that management should take the initiative since they ought to be better educated. They have had more opportunity to travel and to learn. Taking the initiative will be difficult and I told them that I know it is difficult. That is a very hard thing for a successful man who has been carrying on a business. It is hard for him to take any action which in effect says he is wrong.

These three men I have quoted made such strong arguments that it convinced me; I think everyone will agree that we in this country, if we are going to compete with this new European competition, have to get our costs down. It will not do at all if we are going to get them down by every other device