

*Increased Cost of Living*

I might say a word about the relatively slow growth of farm income over the past 15 years, which is shown in the figures given to the joint committee, and which again were referred to by the hon. member for Burnaby-Coquitlam. I do not intend to discuss farm policy at this time, but I would like to say one thing; thanks to the bumper crops and continuing improvement of farm efficiency, a great deal of which is due to government action, farm income this year will increase substantially. But I want to add, however, that we should not just look at the proportions.

I am sure all hon. members are aware of the pitfall here. But when the hon. member for Burnaby-Coquitlam was supporting his amendment, he did not draw our attention to some underlying facts that I believe are most important if we are to understand what is going on in this country today. One of the main reasons the growth of total farm income is slower than the rest of the economy and that the share of farm income in total income has been declining, until this year, is simply a reflection of the fact that each year there are fewer and fewer farmers who, thanks to higher productivity, are able to produce more. For example, in 1949 there were 1,079,000 Canadians employed in agriculture. By last month the number had been reduced by half, to 561,000. This is an important element in any comparisons that are made. Indeed, average farm income to those earning their living from the farm has fared much better than the total income figures would suggest.

I would like to make one further observation on the statistical material, since it has been relied upon so heavily to support the amendment. Incomes can be viewed in two lights: as incomes to those who receive them, and as costs to those who pay them. Clearly, if all incomes, wage and non-wage combined, increase substantially faster than the total amount being produced, then total costs are going to increase faster than production. What must follow inevitably is that prices must rise or profits must be squeezed, or some combination of both. Since it seems evident, however, that over longer periods of time the shares of incomes as between labour and capital do not change significantly—this was a point made by the hon. member for Burnaby-Coquitlam, made by the Economic Council of Canada, made by every student of the subject—it follows that higher costs will be translated into higher prices.

[Mr. Sharp.]

I notice that the economic council's report, if I may again refer to it, Mr. Speaker, on page 69 makes the same point rather more elegantly than I have made it, where it reads:

The combination of our productivity truisms with the observed fact of relatively long-term stability in broad income shares leads us to an important conclusion. It is that neither labour nor management need feel its position vis-à-vis the other threatened by a pattern of expansion in the Canadian economy characterized by a closer relationship between the growth of productivity and the growth of money incomes than has typically prevailed in the past. Such a pattern would mean less general price rise, stronger international competitiveness, and less chance of crises and interruptions to economic growth originating in the balance of payments. We expect and desire that collective bargaining and other aspects of the contest for income shares should go on as vigorously as ever—they are a facet of human nature, a sign of life in the body economic and social. What we want, and what we hope that our ultimate recommendations will tend to promote, is a situation where the contest is mainly about real income and not about illusory money gains to be wafted away in the next updraft of the cost of living—a situation where the contestants play hard, but are better aware than before of the effective limits of the playing field, which are set by productivity gains.

It is significant that that report is signed by such a representative group of Canadians. Some of the most eminent leaders of the labour movement signed this report, as well as some of the most eminent industrialists. I think that everyone who looks carefully at the facts of our economic life draws the same conclusion.

My second main criticism of the amendment before the house is that it is based on too narrow a view of our country's economic and social objectives. We have no quarrel with the view that the fruits of economic progress must be shared equitably and fairly. This is one of the main policies of the government. I trust that it is also the policy of every member of the house.

The state has taken upon itself a vast new social responsibility in supporting the old, the handicapped and the poor, particularly in those areas of our country which have not developed as others have. I, for one, believe this is right and necessary. If this puts me away off to the left, I would welcome it because I have been put over on the other side far too often. I believe that these vital responsibilities are a proper burden to place equitably upon all of us in dividing the fruits of our increasing productivity which arise in a very large measure from joint efforts made by many.