

the state, in addition to all the so-called socially necessary machinery of production. This must include all that is needed in order to supply the food, the fuel, the clothing and the housing of a nation. Those certainly are all socially necessary requirements, and the suggestion that is being made by this new party, the Cooperative Commonwealth Federation, is that all these things, as well as all agencies of transportation and communication which are essential factors in production shall be immediately transferred to the ownership and active management of the state.

I submit that the simplest way to get a true perspective of that proposal is to ask ourselves at once how this parliament, this government or any government that may be in office in Canada at any time would ever conceivably carry out a proposal of that kind. At the present time we have before us a very considerable problem in the possession of only one great public service utility, that is, the national railway system, and it comprises but one-half the railways of this country. Under this proposal all the railways would come immediately into the possession of the state, and in addition all other agencies of transportation by land and by sea. We would have the state managing, of necessity, all the different agencies that are used for the transportation of the commodities necessary to supply human needs, for they are a part of the socially necessary machinery of production. According to this program all these are to be taken over and managed by the state.

I must say, Mr. Speaker, that I do not believe the thing is possible for one moment. I cannot conceive any intelligent man or woman in the country for a moment believing that the government of Canada could immediately—because that is what the resolution calls for—take over what is meant by the socially necessary means of production and administer them on the part of the state. Assume, however, that such a thing were possible. Would conditions thereafter be any better than they are now? If we had all the great industries of the country controlled by the state to-day, do hon. members believe that conditions would be better for the great masses of the people than is the case at the present time? We may admit that conditions are bad now; we must admit it. We cannot have the hundreds of thousands of unemployed there are, without knowing conditions are bad, but have we any guarantee that if the state were controlling everything conditions would not be infinitely worse? If state ownership and control is going to be the answer to our problems, why cannot the

[Mr. Mackenzie King.]

state at present make our national railways pay? Why cannot they fill up all the blanks in the railway field by taking on increasing numbers of unemployed and giving them employment? I need not elaborate the point. It must be apparent that an attempt to socialize the various industries of the country or to nationalize production and distribution as a whole will simply have the effect of drying up the lifeblood of industry itself.

May I ask this all-important question: Who is going to select the leaders of this new state which is to control everything? After all, there must be someone at the head of it, and if all industries are to be managed by the state, who is going to choose the different heads of the various industries? How are they to be selected? On what basis are they to be selected? We are to do away with the institution of private property—because that is the proposal; we are also to do away with the system of rewards for services rendered, as they have been made in the past and are being made at the present time. Indeed, that is the significance of the qualifying words the resolution contains. Stop for a moment and think what the method of production at present is. Necessarily there are different contributing factors, of which land is one, using the word in the broad sense to include all resources. Labour is another contributing factor; capital is another, and managerial ability is a fourth. These four factors, working together with and as a part of the community, produce the wealth of human society in the form of various products, and under the present system they get their rewards in different ways. Labour gets its reward in the form of wages, capital in the form of interest, and managerial ability in the form of salaries. The community at large gets its reward, I presume, in the supply of essential commodities and in some control of prices. These rewards are all by a process known as distribution, taken out of the proceeds of total production to which the original parties to production have contributed. Under the socialist plan, proposed by hon. members who support the resolution, these rewards will no longer be based on the present method of valuing service according to the nature of and the demand for it, but on some artificial standard which is to be invented by the state itself. There is to be no more interest under socialism; there is to be no more rent, and no more profits to managers. The only thing that is to remain is that everyone will get some remuneration from the state in the form of wages. But how are those wages to be determined? One assumption might be the