demands being made by workers in the private and public sector. Let us look at what is happening in the private sector.

In 1974 wage demands in the private sector were very high. It should not have surprised cabinet ministers and senior officials in the Department of Finance. However, they have tunnel vision. In 1974 they woke up to the fact that workers were demanding large increases. Where were they in 1972, 1973, and the first half of 1974? In those three years profits of major corporations increased by about 35 per cent each year. Therefore profits went up by more than 100 per cent in those three years. The percentage of gross national income which went to corporation profits rose from 10.5 per cent to over 14 per cent.

Anybody who knew anything about how the economy works and the basis on which labour-management negotiations are conducted would have expected high wage demands in 1974, as there were. If the government had wanted to cool that, it should have ensured in 1972, 1973, and the first part of 1974 that profits were not too high. Instead, the government gave more tax cuts to corporations, more concessions to mining and oil companies, and faster write-offs to manufacturing industries. The result was that corporation profits rose again and again. In fact they rose by more than 100 per cent.

It is not surprising that workers in private industry were asking for, and on occasion striking for, very high wage increases. Some of us were told privately by senior public servants that the government was not too worried by wage increases in the private sector. They knew they could only get wages commensurate with the profitability of the companies. The employees could not push their wages to the point that the companies would not make a profit or the companies would cut back and there would be no jobs. What the government was worried about was the exorbitant demands being made by workers in the public sector at the federal, provincial, and municipal levels. We were never given many examples of exorbitant increases, but that was the thinking which supposedly went into making the anti-inflation program a necessity.

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I suggest to members on the other side that we did not need an anti-inflation program, that we did not need legislation. If employees in the public sector were demanding too much it was the business of the government to say no. What we have seen is the government saying no to workers in the lower brackets, to workers who are unskilled or semi-skilled. What we have seen is a government willing to give more and more to the people at the top. Let me offer a couple of illustrations.

Hon. members know that senior civil servants at the very top are now getting in the neighbourhood of $65,000 a year. They have received substantial increases. What members may not know, although the former president of the Treasury Board knows it, is that the number of senior executive employees has doubled and redoubled. In a period of about ten years the number of SX employees went from some 380 in 1968 to 1,250 by 1975. That superstructure is tremendously expensive to maintain, and I am not at all convinced it is necessary in terms of getting a better, more efficient, and more humanitarian government.

There has been no evidence to substantiate the growth which has taken place. We were told that we needed the anti-inflation program because Canadian workers were making excessive demands, because Canadian wages were rising at such a rapid rate that Canada was pricing itself out of the market. Well, there is no question that sales of major Canadian companies have been reduced substantially in the last 18 months. But there is no evidence at all that we have priced ourselves out of the market, no evidence at all that the productivity of Canadian workers has declined or, specifically, that it has declined relative to productivity in the United States, our major competitor.

What has happened is that Canadian sales of such major products as metals—one of our major exports—have dropped. This is not because workers in the industry have demanded and received wage increases which have priced the product out of the market. Sales have dropped because of the economic slowdown in the United States, Japan, and the western world generally.

Let me quote from an article I came across in the Winnipeg *Tribune* of Wednesday, June 15, written by Steven Kelman of the *Financial Times* Service. The heading is: "Low Demand for Major Metals Decreases Prices and Earnings". The writer says, and I quote:

> Repressed by sluggish world economic recovery, the demand for many metals—copper, zinc, lead and nickel—remains below expectations of investors. Consequently, inventories of these metals are historically high, depressing the earnings of metals and minerals producers. Mining and metals analysts expect prices of most metals to remain at low levels at least until the fall when they might begin to rise if economic recovery leads to some reduction of inventories. Even with this scenario, however, investors can anticipate several quarters before producers report higher earnings.

The article lists some of the reasons why earnings are lower, and then goes on to say:

> Metals overproduction: The late 1960s and early 1970s were a period of major world mine expansion intended to meet a high consumption rate. But the growth rate of metals use diminished with the escalation of energy costs. Metal prices, without a major pickup in demand, will continue to be depressed.

The writer explains that there are high inventories of copper and other metals held around the world. Then he goes on to state:

> High inventories: Manufacturers' fears of labor stoppages among major U.S. copper and zinc producers led to substantial hedge buying in advance of normal needs during the past six months. Adding to this were fears of copper shortages stemming from the political turmoil in Zaire, a major African producer.
>
> Widespread discounting: With large inventories and little likelihood of a short-term gain in demand, many producers discount posted prices, making a shambles of industry attempts to hold prices. Many analysts expect further weakness in metals prices, at least until the fall.

Hon. members will notice that he does not talk about wages in the industry being a factor at all in the decline of sales, and I suggest that if an analysis is made of the lumber industry or of the pulp and paper industry or, indeed, of any of the major industries which earn dollars for Canada, we would find the same situation existing.