

2. That the government establish "mark-up" control; that is, control of profits in cases where general price control is not feasible.

3. That the government remove or reduce indirect taxes such as the sales tax, which bears most heavily on those with low income.

Those are three points that could be dealt with by the government tomorrow. They still have power under the provisions which set up the wartime prices and trade board to do the first two of those things anyway, and the third could be done when the budget is brought down.

Mr. MITCHELL: What is the difference between a subsidy and a sales tax? The subsidy is in effect a tax. It has to be paid for by taxes.

Mr. ZAPLITNY: The two things are the very opposite. A subsidy on milk, for instance, enables those in the lower income groups to have a health food which otherwise they may not be able to get. In the case of the sales tax, of course, you are depriving them of that much more income which they could spend for that commodity; therefore the two things are practically opposite.

Mr. MITCHELL: Who pays the subsidy?

Mr. ZAPLITNY: All the taxpayers of Canada pay the subsidy.

Mr. MITCHELL: Of course they do. The working classes pay the subsidy.

Mr. ZAPLITNY: Let us not forget that under the income tax we tax according to ability to pay, while in the case of sales tax it falls indiscriminately upon all, whether they are able to pay or not. I realize that there is a difference of opinion. The other day I saw a statement in a publication, *The Letter Review*, which some hon. members may have received. The editor of that paper states clearly that the government should not tax according to ability to pay but should tax where it hurts the most so that the people would know that they are being taxed. I do not subscribe to that view. If the Minister of Labour (Mr. Mitchell) does, then he and I differ in that.

Mr. MITCHELL: My point is this, if I may say so. Why not be logical about it. Subsidize 100 per cent and then we shall get everything for nothing and everybody will be rich.

An hon. MEMBER: Don't be ridiculous.

Mr. ZAPLITNY: The Minister of Labour may be drafting a new Liberal platform when he says that; I do not know; but that is not

[Mr. Zaplitny.]

what we suggest. We are quite serious about this. I do not think the minister should try to ridicule the suggestion. We are quite serious that subsidies are an instrument in connection with price control to make sure that the producer who has to sell a product at a reasonable price may not lose in the course of his production what is coming to him.

The fourth and fifth points are less immediate; nevertheless, Mr. Speaker, they are, I believe, more fundamentally important, and in the long run I think they will have a greater effect than any other.

The fourth point is that we should encourage co-operative enterprise by removing all obstacles to co-operative development. I will come back to that in a moment.

The fifth point is that we should socialize monopolies and launch an immediate program of public enterprise in fields where public ownership is most suitable; this to act as a stabilizing and balancing effect on private enterprise.

I wish to discuss these last two points. The first three have been made sufficiently clear by all hon. members of this group who spoke on this debate and many others. Someone may say, why do you propose that we encourage co-operative enterprise? What has that to do with the price situation? Well, it has very much to do with it, because hon. members may have noticed that a co-operative association never raises its price unless it is to bring it up with the level of private enterprise. The reason for that is that the owners of the association are also the customers, and there is no reason why a customer, as the owner, should charge himself more money for doing business with himself. A co-operative raises its price only to keep in line with that of private enterprise. Then it turns back the surplus, or what private business would call profits, to its customers in the form of dividends. A co-operative in this country would be just too happy to lower its prices right down the line in order to make it possible for people to buy its products at a lower price, and there are some in private enterprise who ask why they do not do that. The answer is very simple. If a co-operative were to lower its prices there are those private enterprises who would immediately go up in arms and say, "Why, they are using unfair competition", and so on. Therefore many years ago the co-operatives established the principle under which they charge the same prices as their competitors and then turn back the surplus in the form of dividends to their customers.

Mr. SMITH (Calgary West): Will the hon. member permit a question on that?