

*Anti-Inflation Act*

true in Great Britain, where there is a tremendous amount of co-operation despite the history of the trade union movement in that country.

What was the answer of the Prime Minister (Mr. Trudeau) to that sort of response? He said, "You have to join the Liberal party". He stated that if you do not join or support the Liberals, you do not look for any benefits. In fact, he said that if you are not a member of the Liberal party you will be punished. The fact that the history of the Liberal party does not instil confidence in the trade union movement, and the fact that the New Democratic Party exists because of the failure of the traditional parties in their country to satisfy the aspirations of the workingman, does not seem to occur to the Liberals. They still do not want to recognize that fact. If one considers how difficult, if not impossible, it is in a country like Canada, with two established political parties, for a third party to rise, survive and grow, one has to say there is a genuine grievance for that party to continue to be in existence.

● (1620)

If the Liberals and Conservatives had been friends of labour while in office, the NDP would not be in existence today. The NDP exists today because the working people had no choice except to work toward forming a party of their own. For the Prime Minister to suggest that the right answer is to join the Liberals in order to get something done is hardly proper. As a student of history, he should have more respect for the history of his own country, the formation of the New Democratic Party and labour's affiliation to that party.

I should like to talk about profit control. The government has, with some wisdom, decided not to try to control prices directly. It recognizes, as I believe most people recognize, that in order to enforce price controls effectively more people would probably be needed to check prices than to produce the goods. In a complex society like our own, it is almost impossible to control prices effectively at the retail level when one considers the thousands of products on the market and the thousands of new products which come on to the market each year. It is almost impossible to maintain price relationships in these circumstances. People say it was done in wartime. That is true, of course, but even in wartime, with the great patriotic spirit which existed then, the system did not work particularly well. Moreover, during wartime not many new products came on to the market. Most products were intended for the war effort and consumer products did not vary very much from year to year.

The government has decided to approach its objectives by controlling profits. This course is likely to be just as unsuccessful, Mr. Speaker, unless of course the government wishes to change the present system entirely. Perhaps that will be the one great thing to emerge from this effort on the part of the government—the destruction of the very system they believe they are protecting. The rationale of a capitalist economy is profits. If you restrain profits, you wreck the selfish motive which animates this whole capitalist hegemony. Perhaps the government wants to do this, but I do not think so. Let me give hon. members an example of the kind of thing that happens. In the *Globe and Mail* of March 17 there is an article headed "Crispo contends defeat of inflation causes is key challenge". Like

most headings, that one has nothing to do with the contents of the article, so do not be misled by it. In the body of the article Mr. Crispo recounts something which came to his attention. He said:

One banker finally got permission from head office this year to redecorate his branch because, he was told, the banks' costs must go up to keep within AIB guidelines.

There is going to be more and more of this. There is one thing the government can count on as far as business is concerned. To the extent government restrictions on profits are effective—and I do not think they are likely to be very effective—and industry sees itself in a position where its profits are going to exceed the guidelines, what is likely to happen? In the past, to stay within the guidelines companies could have paid higher wages. Today they are restricted in their ability to do this. They could have paid out more by way of dividends. They will now be restricted in their ability to do that, too. They could, of course, pay more taxes to the government, but that is the last thing they would be willing to do; they would burn the money before doing that. So what they will do is pad the costs of their operations; this is really what the article is suggesting. I am not adducing this one article as being evidence or proof; I am simply appealing to the common sense of those who have some knowledge of the way business works.

The capitalist system operates on the premise that you run as lean as you can; you cut costs because you are trying to make a bigger profit. If it is said that profits will be restricted, then the whole motivation of the system is removed. A businessman or business executive will ask, "Why should I drive a small car when I can just as well drive a big car, since in the end it will have no effect on our profit situation; to the extent that our profits are high, the Anti-Inflation Board will cut them down?" Or executives will tend to say, "We will simply take things much easier because we do not want large profits; we do not want to draw attention to ourselves." So even if the system works, the present rationale of private industry will be destroyed and we are likely to see the decay of private industry as well.

I am not saying this because I do not think profits should be controlled in some way, or because I do not believe we should be siphoning off some of the surplus generated by the system; I am saying it cannot be done directly without wrecking the mechanism itself. The result should be obtained in some other way. The real test of the government's willingness to operate an effective program will not be strict adherence to the guidelines, or the provision of appeal procedures which are really not going to change the picture very much. The test will lie in its readiness to capture this surplus in some other way and redistribute it through the income tax system or through some other program under which those who are making the money will find some of it siphoned off to compensate those who are not.

But there has to be a differential established to ensure that the people at the bottom will get more than those who are already well provided for. The people at the bottom have no money because they have never been able to get any. They have no more bargaining power since the Anti-Inflation Board was established than they had before the