

Increased Cost of Living

These unconscionable price increases by the country's most profitable industry are economically irresponsible and morally indefensible. They seriously threaten the nation's welfare and the stability of our economy.

I ask the members of the house to pay particular attention to this part of Mr. Reuther's statement:

Instead of a price increase, the auto industry could well afford a substantial price cut on its 1967 models. In spite of a slight decline since 1965, auto industry after-tax profits in the first half of 1966 represented a phenomenal annual rate of return on stockholders investment of 20.9 per cent—the highest of any U.S. manufacturing industry, and one-and-a-half times as much as the average for all manufacturers.

I call attention particularly to this statement:

If the industry had been satisfied with the average manufacturing rate of return, it could have cut the price of every car produced by \$251 at wholesale, equivalent to a reduction of about \$350 on the consumer price.

That statement, Mr. Speaker, is made by a man who is intimately connected with the auto industry. He is a man whose union offered last year to forgo a request for an increase in wages if the company would undertake to reduce the price of every car by \$100. According to Mr. Reuther, in the first half of this year the big three auto companies had an after-tax profit of almost 21 per cent on their shareholders' investment. Had they been willing to take the average profit received by manufacturers generally in the United States and Canada, they could have pared \$251 off every car at wholesale, which would have entailed a reduction of \$350 on every car sold to the consuming public. This points up, Mr. Speaker, the necessity for the government of this country to take the necessary steps to work out a proper relationship between wages, salaries, consumer prices and profits.

● (5:00 p.m.)

No one argues that we can always keep this relationship in fixed terms. Undoubtedly, if costs go up the manufacturer must increase his prices. In an economy with annually increasing productivity we need imperative guidelines to assure the people of Canada that our increased wealth will be distributed with some degree of equity between the various economic segments of our society.

I was interested, as I am sure all hon. members were, in a speech made by Mr. Louis Rasminsky, the governor of the Bank of Canada, in Rome about a week or ten days ago. Mr. Rasminsky said what we, in this

[Mr. Douglas.]

party, have been trying to impress on the Minister of Finance for the past two years. Mr. Rasminsky pointed out that fiscal and monetary controls are no longer adequate to maintain stability in our economy and to provide a fair distribution of national income. He pointed out that the time has come for supplementary programs and policies, and that there must be guidelines, imperative guidelines, to establish a fair and proper relationship between wages, prices and profits.

The people of Canada will not stand by forever and see that part of our population living from investments, equity stocks, bonds, mortgages and things like that, getting an ever bigger slice of the national pie while the farmer gets a constantly smaller share and while the salaried and wage worker gets a slightly smaller share also. There has to be better distribution of the national income in Canada, on humanitarian and economic grounds. In Canada, leaving out non-farm families, 18 per cent of our families have incomes of less than \$2,000; 29 per cent of non-farm families have incomes of less than \$3,000. This indicates that we have a great reservoir of people living in poverty, unable to buy the products of industry, the produce of the farmers or of the fishermen. When we realize that from 1961 to the present time, the top 20 per cent of our people received 42½ per cent of the national income and the bottom 20 per cent of our people received only 4½ per cent, we begin to realize how inequitable is this distribution of income. Our party believes that the government of the day has been grossly negligent in ignoring this maldistribution of income and that they have been derelict in their duty in not establishing imperative guidelines to bring about some fairly equitable relationship between the share of the national income going to the various groups which help to produce this nation's wealth.

Because we feel that something must be done, because we feel that the government has shown no indication that it is interested or intends to act, and to act promptly to deal with the problems I have mentioned, I move, seconded by the hon. member for York South (Mr. Lewis):

That all the words after the word "that" be struck out and that the following words be substituted therefor:

"since the income of wage and salary earners has remained approximately the same and farm income has fallen as a proportion of the total national income over a period of years, this House regrets the failure of the government to introduce policies designed to produce an equitable distribution of rising productivity and national income