

Income Tax Act

they need to put into our economy and make inflation worse. Unless some kind of stop is put on excess profiteering and usury in the form of high interest rates, the surtax cannot fight inflation. It will just perpetuate the situation.

Let us take a look at a few other candidates for the social welfare list, if one is to believe the private enterprise spokesmen. I refer to those that will not be hurt or affected by the surtax on their corporate incomes. Surely, everyone knows about the increase in the cost of living, and how rising food prices affected it. According to the Dominion Bureau of Statistics summary of quarterly corporate profits after taxes for 1968-69, the food and beverage industry in the first half of this year showed net profits after taxes of \$115 million, an increase of \$27 million over the first six months of the previous year. According to the DBS figures, the food and beverage industry in 1967 had a net profit after taxes of \$191 million. This went up to \$227 million in 1968 and the forecast is that there will be a similar increase in profits after taxes in 1969.

I mentioned the steel industry a minute ago. Let us look at the figures in this DBS report regarding the primary metal industries. In the first six months of 1968 they had net profits after taxes of \$113 million. In the first six months of 1969, they showed profits of \$129 million. It is interesting to note that this was at a time when the Minister of Finance was pleading with the private sector to show restraints. At the end of six months this year their profits are \$16 million higher than they were for the first six months of last year. The steel industry then proceeded to slap on a six per cent increase on prices for steel. The steel manufacturers need this increase like they need another hole in the head. If these were good corporate citizens they would be as concerned and interested as anyone else in fighting inflation and would take some responsible course of restraint. Instead of that, their greed runs away with them at a faster pace than ever.

Let me refer to some other poor organizations the Minister of Finance does not want to be too hard on. Let us take the chemical and the chemical products industries, our friendly polluters. They had a net profit after taxes last year of \$134 million. At the present rate of profit, in the first two quarters of 1969 they will show an increased profit of \$16 million after taxes over last year.

The finance, insurance and real estate sector, which includes our friendly bankers,

seems to be in terrible shape. In 1967, they showed net profits after taxes of \$391 million. In 1968 things looked up for them and they managed profits in the amounts of \$530 million. In the first six months of 1969, this sector of our society showed net profits of \$296 million after taxes, an increase of 47 per cent over the first six months of 1968.

Unless the Minister of Finance, this government and Parliament places ceilings or restrictions on the kind of excess profiteering and greed the private corporate sector is showing, all the tax bills in the world designed to fight inflation will have no effect. These companies will simply raise interest rates and prices in order to absorb this tax increase.

It might be interesting to note those sectors of the economy referred to in this same DBS quarterly table which are not showing these increases in net profits. The category known as "other non-manufacturing," which includes agriculture, forestry, fishing and construction, in the last quarter of 1968 is shown as having had net losses in total of \$18 million. In the first quarter of 1969, they showed no profits after taxes, and showed net profits after taxes in the second quarter of \$10 million which is down \$2 million compared to the first six months a year ago. Farming, fishing, forestry, construction, wheat, houses, fisheries and the lumber industry have all been in a depressed state. That is the reason I suggest this is the type of area in which the minister might use the \$100 million he says he does not need. To think that we can expect this part of the private sector, the corporate giants, to act as fine, upstanding corporate citizens voluntarily heeding the plea of the government and the Minister of Finance is a delusion of some large proportion because this has been tried before and did not work. But Liberals never learn. They are the same breed of cats now they were in the 1930's, the 1940's and the 1950's. They never learn. They still practice dinosaur policies which did not work in the past.

• (5:40 p.m.)

Some Liberal members may really believe that if the minister asks nicely, these corporate giants, these excess profiteers in a time of inflation, will listen and scurry back to their board rooms and will not increase prices and interest rates but will voluntarily lower profits in order to fight inflation. The Minister of Finance and the government seem to believe this when they call for these