

The Budget—Mr. Gillis

Mr. Gillis: He is a little young yet; perhaps when he is as old as I am he will be worse than I am. However, on the question of profits, let me say that in my view the present profits structure is one of the main causes of inflation in Canada today. Press statements being released—and I have a lot of them here—show that in company after company profits are up by 300 per cent or 400 per cent. When I read these balance sheets in the papers I am really ashamed of the companies. For instance, Westinghouse nets \$5,809,000, and all that kind of thing.

When one takes a look at those profits his only conclusion can be that the manufacturer is charging a lot more for everything today than is necessary. That, in turn, is passed on to the wholesaler and the retailer and the consumer has to take those skyrocketing prices, and all because there is too much profit.

All right, we are told the government has not the power to control it, and that they do not want to. I am suggesting that if the government were to take a look at the profits of the bigger corporations today they would realize that there is plenty of room for a redistribution of income to be spread among salaries, wages and subsidies to hold down the prices of essentials, and to increase the standard of living of those who produce. This is obvious from the balance sheets appearing in the press from day to day, and every day.

From hon. members opposite, and those who sit to my right, the argument in the past has been that the excess profits tax tended to waste and extravagance in management. That is not so. I remember that when I came to the house in 1940 the standard of living for the average worker was pretty low. Salaries and wages were low when compared with those in the United States. There were no welfare schemes in industry, and no pensions paid.

When the excess profits tax went on, what happened? Immediately employers in this country smartened up, and said, "Well, if we are going to give it to the government in taxes, we might as well revise wage schedules". I remember how easy it was for unions to approach employers and get increases in wages. That was one thing. But by an upward revision of salaries and wages, largely promoted in my opinion by that excess profits tax, the standard of living of all the people of Canada was improved enormously. That money was not wasted.

Secondly, many companies established pension and medical schemes on a contributory basis for their employees. A lot of that

[Mr. Fulton.]

money that is now going into excess profits was diverted into those channels and as a result we had a fairly comprehensive picture of pension and welfare schemes in most of our industrial and business establishments. This was due to the fact that the federal government told these companies that if they earned over a certain percentage of profits it would come back to them in excess profits taxes, but certain things were exempt from that tax.

I see, Mr. Speaker, you are looking at me so I assume my time must be drawing to a close. The argument that excess profits taxes will promote waste and extravagance in business is not true. I contend that because of that tax things were done in industry and business during the last war which created an upward swing in the standard of living of the Canadian people. If that had been done, if the government had established price controls on essentials and used some of the money going into excess profits for the purpose of subsidizing, they would have established some confidence in the minds of the Canadian people.

Another thing that should be done by the government is to have a conference with the primary producers of this country. This has been suggested many times. There should be representatives from the major labour bodies who would sit in with representatives of the primary producers and the government to work out a wage and price base or stabilization program for industry and agriculture. In that way we would be drawing into our national defence program the primary producers and the industrial workers of this country. They would be given a say in planning their future and it would inspire confidence and ensure the government of getting maximum production and understanding from those who produce the wealth of the country.

I am sorry that I was provoked into making a speech which I did not intend to make and I shall just have to leave unsaid a lot of things I should like to say about the economic and financial aspects of the budget.

Mr. J. A. Ross (Souris): Mr. Speaker, I agree with all that the hon. member for Cape Breton South (Mr. Gillis) has said about the decentralization of industry in this country. He and I have argued this matter on several occasions in the past. There is much that should be done in that respect. We have pointed out the difficulties which our respective provinces labour under.

I want to endorse all that the hon. member for Lanark (Mr. Blair) said so well this evening about dairying and the problems