

Cost of Living

were small say they have never seen a party push to the government so quickly and say, "We are with you fellows" before the debate even gets under way.

What does this mean? It means this is a Liberal-Socialist coalition. It has not been finalized because they do not want to see the leader of the NDP in the same cabinet as the President of the Treasury Board (Mr. Drury).

An hon. Member: No way.

Mr. Grafftey: No way? You are with them every day, in every way. The people of Canada want a wages and incomes policy. They want the government to announce what it intends to do about inflation. They want a government that will act.

Mr. H. T. Herbert (Vaudreuil): Mr. Speaker, this House is asked to approve or disapprove of measures introduced by the government to deal with the cost of living. The debate indicates approval of the measures which have been introduced. Therefore, the question surely is related to measures not introduced.

An hon. Member: Who wrote the speech for you?

Mr. Herbert: It is a little homework I did myself. Her Majesty's Loyal Opposition has made clear its position—a 90-day price and income freeze. This will give them the time to consider other measures necessary to control inflation. But the 90-day period has long since expired; so what are the results of these lengthy deliberations? Another 90-day freeze so that the official opposition can continue its deliberations.

Let us be honest. The party opposite has always been and continues to be completely barren of positive, constructive ideas. It is popular at the moment to speak of a price freeze. The cost of food has spiralled and every one of us has felt the effect in our pocket. Many people are being hurt. The government is attempting and must continue to attempt to alleviate this suffering.

The Leader of the Opposition (Mr. Stanfield) referred to the alleged alliance between the NDP and the Liberals. Let us look at that statement for a minute. Anyone who listens to the radio, watches television or reads a newspaper knows what the NDP is suggesting. Their ideas are communicated for everyone in the country to receive and judge. This is logical. They know it would be a miracle indeed for them to be in a position to govern in the foreseeable future. But in a minority government situation they are using their small force in the best manner available to them.

If everyone in the country hears, so does the government. Newspaper reports suggest government agreement with two out of four major NDP proposals. If the old age pension increase from \$100 to \$105 were introduced solely at the prompting of the NDP, would this make it any less desirable? Did the loyal opposition vote against it? Quite the contrary. The Tory party has supported the measures introduced by the government despite its power to amend, decrease or increase as it wishes.

Even today the opposition motion which is before us is a negative motion and not a positive one. I will come back to the Tory party in a minute, but I wish to direct a few

[Mr. Grafftey.]

remarks to the NDP. I have always respected the left-wing parties for their ideological approach to living and for the honesty of their conviction. Trying to argue against socialism to a socialist is an interesting but seldom rewarding experience. What I have not appreciated is what is, in my opinion, dishonesty in the use of statistics. True, everyone plays the game, but the NDP are directing their statistics at the very people who are likely to be most misled by them.

I refer specifically to recent references to company profits. If company A made a profit last year of \$1 million, and this year a profit of \$2 million, its profits have increased by 100 per cent. Using just the percentage increase clearly implies that this company is prospering and in fact might be accused of profiteering. However, if this company needs a profit of \$10 million to provide a 5 per cent return to its investors, then its profitability position in the current year is almost as disastrous as it was in the preceding year. May I suggest to the leader of the New Democratic Party (Mr. Lewis) that he will lose all remaining credibility if he continues this line.

Let me read an extract from an excellent column by John Meyer in that Tory newspaper, the *Montreal Gazette*. I still read the *Gazette* although its clear intention is the defeat of the Liberal government. Mr. Meyer writes:

● (2050)

The practice of reporting profits in terms of the percentage of their improvement over the preceding period can be misleading. A food store chain, for example, was subject to man-in-the-street interviews by the CBC a few days ago because its profits had doubled. Individuals were asked at random what they thought of this. Predictably, their replies were extremely critical of the company. The clear implication was they thought it was profiteering.

What wasn't explained is that in the period with which the comparison was made, profits had been extremely low and, even when doubled, they were still under the accepted level of return. Food store chains are, of course, all the more vulnerable, being held responsible as they so frequently are for this increase in food costs. Some food stores have invited criticism through sloppy tagging of products but they ought not to be so wrongly condemned because their profits are returning to acceptable levels.

The food store chains are the most visible targets, because of food prices, but almost all businesses are vulnerable to uninformed scrutiny, by legislators as well as by the public. Businessmen are beginning to feel the full impact of what has been a common complaint for years, that profits has become a dirty word.

One thing should be abundantly clear: a construction company's objective is not putting up skyscrapers, an underwear manufacturer's objective is not to keep everybody warm, and a food chain's objective is not to abolish starvation. A company has but one objective, that is, to make money. What is there to be ashamed of in that? A man or a group of persons invests in a company and risks the loss of their investment for one reason only, the making of a profit to give them a reasonable return on their investment.

Let me read again from John Meyer's article as follows:

—there has been the sharp rise in manufacturing profits through the first and second quarters but, more often than not, only limited reference to the dangerously low levels from which they rose. Manufacturers had an average profit of 4.2 cents from each sales dollar last year which is still less than that earned in any of the best three years of the sixties and a full cent less than the 5.2 cents on the dollar reached in 1964.