Summing up, the fact I have quoted would seem to indicate:—

(1) As long as we allow our wages and salary increases to exceed our gains in productivity, we will continue to have inflation.

(2) As long as we continue to have inflation, we will continue to lose market volumes which, in turn, will reduce gains in productivity on which, in the last analysis, increases in real wages must depend.

(3) I would venture to say that, if over the last decade we had been able to keep our dollar wage increases within our rate of increasing productivity, the purchasing power of our dollar would have remained stable. At the same time, we would have had a much greater share of the markets available to us, so that productivity would have increased at a greater rate than it actually has, and *real* wages, as measured by the purchasing power of the wages received, would have been higher; we would have had no unemployment problem and we would have been able to justify a far higher rate of immigration than has, in fact, occurred, and which is so essential to expand the economy of this country.

It would, therefore, seem that the only real and lasting cure for inflation is to assure that future wage and salary increases are kept within the range of productivity increases. This will not be achieved as long as labour unions are permitted to use monopolistic power to force wage increases in excess of productivity increases. Consequently, suitable labour legislation is an essential to restore a more equitable balance to the bargaining table.

Unless, in the future, industrial management and labour leadership can resolve their wage negotiations within these basic principles, it may well be that the natural economic forces, which none of us can defy with impunity, will solve our problems for us by further inflation, further loss of markets and eventual bankruptcy and widespread unemployment.

In case any one may consider that this last statement is an exaggeration, I would refer him to the attached graphic presentation entitled "MAKING THE WHEELS TURN". This is from a recent publication of the National Industrial Conference Board of the United States in connection with a study of that country's economy in relation to world trade. This particular presentation compares, for all the leading nations of the world with the exception of Russia:—

(1) the rate of increase of fixed investment between the years 1948 and 1953, and between the years 1953 and 1957;

(2) the rate of growth of the gross national product per capita between the years 1948 and 1953, and between the years 1953 and 1957;

(3) the fixed investment as a percentage of the gross national product for the year 1957.

The object of this particular presentation is an attempt to answer the question: "To what extent can fixed capital investment be regarded as a prime mover in national economies. Economists maintain that if a relatively large part of current output is devoted to building up industrial plant and equipment, national product (or national welfare per capita) will be greater—after a sufficient lapse of time to permit these investments to result in increased output of goods and services."

With this in mind, and with the Chart in hand, let us examine the performance of Canada in relation to the other major nations of the world. In the period