

" and making a 15% general decrease in October 1921.

"The net result of sharp changes in the level of prices and changes in the level of wages, up and down, is that the increasing productivity of the worker, co-operating in the use of improved machines and improved methods, is being matched by an approximately equal increase in his real wage. This is in spite of a shorter working week. The uniformity of this improvement in real wage per week comes as a surprise when one's attention has been absorbed by the apparently haphazard movements in money wages on the one hand, and the cost of living on the other. It constitutes at least one phenomenon encouraging to anyone who believes that the capitalistic system by and large, works better than it is given credit for working. The system has the defect of doing most of its best work in the dark, and its worst work in the light. It has the added misfortune of lacking any adequate publicity department."

(4) *That the rewards of the other agents of production, including capital and management, were not unreasonable or disproportionate on the basis of economic principles.*

The question of the return to capital as an agent of production is fully dealt with in Division II of this factum, and will not be repeated here.

With regard to the return to management, it is submitted that such return is small both in relation to the total sums paid in salaries and wages, and to the magnitude of the operations carried on. For the former, out of the total sums paid in salaries and wages, the average part for the years 1930 to 1936 going to head office executives was 2.92 per cent.

Exhibit
No. 519

As for the latter point, the following are the net sales of the Company, and head office executive salaries for the last three years:—

Exhibit Nos.
517 and 519.

Year	Net sales	Head office executive salaries
1934	\$17,137,369.71	\$136,948.65
1935	\$18,050,708.90	\$108,120.00
1936	\$18,740,237.08	\$124,600.00

SECTION 4.

WAGES

(1) *How wage rates are fixed.*

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