

3. Resist irresponsible demands by various groups for social and economic schemes which result in higher taxes or require to be financed by expansion of the money supply.
4. Exert every effort to lower taxes.
5. Take vigorous steps to impress upon the nation at large the serious threat to all the social and economic gains made in recent years which may result from further inflation.
6. Urge upon industry and labour the importance of maintaining price and wage levels related to productivity.

This Association supports the views expressed in submissions made by The Dominion Mortgage and Investments Association, many of whose members are members also of The Trust Companies Association of Canada.

W. R. SCOTT,
Secretary-Treasurer.

June 24, 1959.

APPENDIX C

JUNE 29, 1959

The Honourable T. D'Arcy Leonard,
Deputy Chairman
The Standing Committee on Finance on the
Threat of Inflation in Canada,
c/o Canada Permanent Mortgage Corporation,
320 Bay Street,
TORONTO, Ontario

Dear Senator:

The Canadian Manufacturers' Association has submitted to the Standing Committee on Finance of the Senate of Canada a most important Brief on the Threat of Inflation in Canada. As a member of the Canadian Manufacturers' Association, I fully concur with the recommendations contained in the Brief. I would, however, like to add to that Brief some further thoughts on the subject of the affect of excessive wage demands on inflation. I feel that some further thoughts on this subject may be helpful, particularly in view of the statement at a previous hearing of your Committee to the effect "that the pressure for wage increases has become an independent and powerful inflationary factor has yet to be demonstrated".

In the Brief presented by the Canadian Manufacturers' Association under the heading "*Wage Costs*", it is stated: "Another serious continuing inflationary pressure in the Canadian economy arises from the use by labour unions of monopolistic power in continually forcing wage rates, and hence prices, upwards without relation to the demand-supply position of the products concerned or to the increase in the productivity of labour".

That this is so and is, in fact, the major contribution to inflation is, I believe, clearly demonstrated by our national statistics, as follows.

Between 1949 and 1958 productivity in Canada, as measured by the gross national product divided by the employed labour force, has increased from \$4,485 per head to \$5,625 per head in *constant* 1958 dollars, that is a physical increase in productivity over this period of 25.4 per cent.