

34. Technological change (along with the capital and improved skills which it usually requires) is the primary source of productivity improvement. The pace of technological advance is greater today than it probably ever has been over any significant period in the past and there is good reason to believe that this pace will not slacken in the foreseeable future. Since 1949, the index of average industrial wages and salaries in Canada has increased by 79.5% as against an increase of only 29.4% in living costs as measured by the consumer price index. In concrete terms, a man who, in 1949, earned and spent \$50 per week would now have a gross of nearly \$90 per week.

Senator ROEBUCK: That is measured in terms of the fluctuating dollar, is it?

Mr. McRAE: It is true that he now spends approximately \$65 to purchase what he did in 1949 for \$50. Nevertheless, he has roughly \$25 left to spend or save as he chooses.

35. Much of the improved productivity which supports this difference between the rise in income and living cost is a direct dividend of technological improvement. Today the pace of technological change is as great in much of the world outside North America as it is in Canada. Indeed, in many of our chief competitor nations the level of existing technology rivals, in some cases may even surpass, our own. Notable examples are to be found in the industries of West Germany and Japan.

36. Technological development must be the continuing aim of a growing country such as Canada. Only with the aid of mechanization can costs of production be reduced or maintained at an economic level so that we can remain competitive both in the domestic market and abroad. It is obvious that practically every country with the means to do so is strenuously developing its technology. Canada cannot fall behind in this area of development. Nations which are exporting goods to Canada are improving their productive methods rapidly and Canada certainly cannot lag if Canada's industry is to be competitive.

37. One frequent reaction to mechanization and other technological change is fear of the displacement effects it may have. While it cannot be denied that in some cases there is displacement, an objective look at developments to date in both the United States and Canada suggests that this should not be overstressed. During the past decade industry appears to have cushioned the displacement effects of new technology fairly well on the whole. Usually, through a combination of re-training, transfers, normal attrition and reduced recruiting, it has proved possible to avoid lay-offs entirely or at least to hold them to low levels. Indirectly, of course, employment effects have shown up through fewer opportunities for new entrants in particular jobs or particular enterprises. The net employment effect of technological change depends, therefore, upon the stimulus to employment opportunity in the economy as a whole which comes with improved productivity, improved incomes and protection of competitive position.

38. It is important that labour co-operate in keeping Canadian industry active, efficient and competitive. It is necessary that labour play its part in raising productivity in Canadian manufacturing in order to hold down unit costs of production and to maintain the high wage level of Canadian employees. When wasteful practices are imposed upon essential services their effect is widespread and, although it may be difficult to show a direct link between cause and effect, the inevitable result is detrimental to employment.

39. Labour can also make a great contribution to employment prospects by being realistic in its wage demands. Despite any appearances to the contrary, income levels (including wage rates), in an economy such as