

instructors to keep themselves informed of aviation developments.

CURRICULUM

Courses include classroom lectures and air practice of flying-training exercises. All class members fly two hours a day in training airplanes, two together, exchanging instructional methods and training and techniques on a mutual instructional basis. Both visual and instrument exercises are included. Each instructor receives several periods of instruction in a flight simulator and also a demonstration of the use of radio aids to navigation and approach procedures in a twin-engined aircraft. Five hours a day are devoted to lectures on visual and instrument flight instruction, meteorology, air-traffic control procedures and operational techniques, supplemented by training films and writing précis. Lectures include a series on the principles of teaching and learning as applied to flight training.

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THE NEED TO PREVENT INFLATION

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necessary, criticism, along with voluntary and systematic adherence to certain policies and standards. It would require, in Canada, co-operation between federal and provincial authorities and a willingness in the business world, as well as in unions and the ranks of labour, to follow voluntarily a central lead that enjoys a wide consensus of agreement and respect. While all of these conditions do not now prevail, I hope that in time we can meet these requirements, achieve this consensus, and develop this kind of voluntary policy. But we cannot get an incomes policy now by merely voting for it here — or advocating it. We have to work it out — not only here in Parliament, where we must develop attitudes and laws that will earn respect, but in the labour movement and the business world, where private interests and the processes of bargaining must be reconciled with a regard for the public interest. As the House is aware, the Government asked the Economic Council, which is representative of all the principal economic groups, to study the interrelationship between prices, costs, productivity and incomes and to review policies and experiences of other countries in this field. The report on this subject is expected from the Economic Council late next month and the Government plans to refer it to a Parliamentary committee for detailed consideration.

PAY RAISES MUST BE MODERATE

As for guide-posts, certain elementary considerations are self-evident. To achieve full stability of our consumer price level would require that our average increases in incomes *per capita* in Canada would have to be limited to about our overall increase in productivity. To maintain the degree of price stability that we have had on the average over the past ten years it is evident from our productivity performance

that we could not have increases in average incomes of more than 4 or 5 per cent a year. These facts of economic life are some guide in themselves. Yet the typical increases taking place in money incomes in recent months have been in excess of this. Many current demands are much more. Many employers will have to grant large increases in the next few months simply to keep their men. We shall have to do so in certain categories of the public service. But somehow we must get back as soon as we can to more reasonable increases — average figures that do not exceed what I have mentioned. Some can of course be larger, as long as the average remains within reason.

What is needed, I feel, is a widespread understanding of the situation by the public, by business, and by individual workers. Management, on its part, must make a special endeavour to keep prices down in order to dampen down and help bring to an end this spiral of price and wage increases. It would be helpful if some industries were to give the public the advantage of increasing productivity by reducing prices. In my view the advantages of increased productivity should not accrue solely to the owners and the employees but to the consumers as well. Success in this endeavour will no doubt require hard bargaining, a squeeze on profits, and some risks of strikes — strikes which may cause some harm both to private interest and the public interest. Employees who are being asked to restrain their wage demands in the general interest as well as their own long-term interest have a right to expect that those whose remuneration and gains are derived from sources other than wages are making their due contribution to economic stability.

Labour has its responsibilities as well. Present wage demands reflect, as we know, the views and desires of the workers, not just those of trade-union leaders. The workers themselves must recognize what is possible in total — otherwise they will hurt one another. In the national interest, demands should return to more realistic levels — levels that do not force up the prices which other workers must pay.

Only by more than normal resistance to excessive price increases and wage demands can we get back to rates of increase in prices, wages and profits that will permit continued economic growth at a high level of employment with reasonable stability. Here an alert and informed public opinion can play an important role, as well as those directly involved.

INTERNATIONAL COMPETITION

Some restraint upon increases in prices and costs in Canada will arise from competition between Canadian producers and producers in the United States and other countries. But prices and costs are increasing in overseas countries and, to a lesser degree, in the United States, and their governments are concerned to restrain the increases and avoid inflation. We cannot rely upon their efforts to protect us against price increases — the effects of international competition work too slowly. Moreover, Canadian prices and wages have been rising more rapidly recently than those in the U.S. and our price problem does not arise primarily from what has happened there, although