

plants are equipped with the most modern and efficient production machinery and equipment that can be bought. Manufacturing techniques and methods must be of the best. Distribution and sales methods must be streamlined and aggressively carried out. In addition to all this, the overall operation of manufacturing firms must be conducted in the most economical way compatible with true efficiency in order that reasonable profits may be realized.

28. Healthy profits are the result of effective and efficient operation and also are affected by the climate in which business operates. They are the only real guarantee of job security, good working conditions and a rising standard of living. They are indispensable in the unending search for new and better products. They assure the necessary modernization of plant and equipment. Finally, they are one of the principal sources of revenue to all three levels of government in this country. In short, profits make jobs.

29. Canadian manufacturers' profits in recent years have been low. According to the latest taxation statistics published by the Department of National Revenue, in 1958 the average manufacturing concern made an after-tax profit of 3.6 cents on each dollar of sales and in terms of net work, a yardstick which some people claim is more significant, the after-tax profit figure was 7.1%. In case it is said that 1958 was a recession year and that, therefore, these figures are not typical, the comparable figures for the high level year 1956 were 4.0 cents and 9.2%.

30. That the Canadian manufacturing industry has aggressively pursued within its means investment in the most modern plants, machinery and equipment is borne out by the ten billion dollars which have been spent on new buildings, machinery and equipment and the additional four and one-half billion dollars spent on the repair and maintenance of existing buildings, machinery and equipment in the years 1950 to 1959.

31. Management, then, has a duty to increase its efficiency in every possible manner, and to be constantly in search of better ways of organizing and operating the productive and distributive processes. Management is living up to its responsibilities in these respects. The major part of the efforts of this Association and of many similar organizations is devoted to direct services and assistance in solving the day to day problems of management and increasing the scope of its knowledge and experience, and hence its efficiency.

#### *Technological Change and Productivity:*

32. It is evident that no serious consideration of manpower and employment prospects in the Canadian economy can today avoid the subject of technological change. The pace of technological development is crucial to productivity improvement (and, therefore, to the competitive position of all segments of the economy), to the growth prospects of the nation, and to the levels of income which the economy can support in future. It has important implications for the immediate employment picture, for the training needs of those now unemployed, as well as for many presently employed, for the kinds of job opportunities which will be available for new entrants into the labour market in future years, and for the kinds of vocational and educational training which will be most helpful for them.

33. "Automation" is a term of comparatively recent origin which has gained wide currency to describe a specific aspect of mechanization applied to operations formerly performed by manual labour. Mechanization is not a new development by any means but goes back thousands of years. The invention of the wheel is frequently cited as one of its earliest manifestations. There is, however, no doubt that the process has been accelerated during the last decade.