Bankruptcy has made representations before the Court in a number of cases where it was considered that charges were excessive. These representations have resulted, in most cases, in a reduction of the fees claimed by the solicitors and the trustees.

In addition, arrangements were made by the Superintendent of Bankruptcy with the Queen's Printer whereby, through a modification in the form of publication in the *Canada Gazette* of the notice of bankruptcy and also of the notice of a bankrupt's discharge, a considerably lower rate has been charged for these notices since last January. Savings in excess of $100,000 a year are expected to be realized for the creditors.

CAE AIR-LINE SALE

CAE Industries Ltd. has finished preliminary negotiations to sell its wholly-owned subsidiary B.C. Air Lines Limited to Pacific Western Airlines Ltd. of Vancouver.

CAE President C. Douglas Reekie said that the sale, contingent upon the necessary approval by the Canadian Government, should be completed this month.

He indicated that BCA was something of an anomaly in the CAE family of industrial companies, being the only one of its nine major subsidiaries directly serving a consumer market. "All other divisions in CAE are engaged in the manufacturing and selling of products and services to industry rather than the individual consumer," he stated. "After considerable study we have decided to divest ourselves of BCA and to concentrate our resources and manpower at this time on the continuing development of those many products and services which we provide to industry in Canada and around the world."

Both PWA and BCA serve several common points in the interior of British Columbia.

CAE is a Canadian-owned and operated company employing almost 3,500 people in diverse operations across Canada and in Western Europe.

PROGRESS IN THE FIGHT AGAINST INFLATION

(Continued from P. 2)

under control more quickly and with less painful temporary side-effects on production and employment.

RISK OF RECURRENCE

For some months now the Government and the central bank in this country, as in the United States, have taken a number of steps to ease budgetary and credit policy so as to move the economy back on to a path of stronger growth and expanding job opportunities. It is important that we continue to move in this direction, but it is also important that in doing so we try to avoid the risk of giving inflation a new lease on life later on.

This is not likely to be easy. The ebbing of inflationary pressures that now is occurring is taking place in an economic environment of abnormally slow economic growth, high unemployment and sharply contracting profit margins, none of which can or should be regarded as a permanent feature of the situation. As economic activity recovers and these conditions change, we will need to keep a sharp eye to our defences against a revival of the inflationary process.

It is in this context that we must continue to be concerned about the magnitude of the increases in labour costs that we are building into our future costs of production. Wage and salary increases averaging more than 8 per cent a year are much larger than the long-term average increase in output per person employed, which is about 2.5 to 3 per cent a year in the commercial non-farm sector of the economy.

What this means is that in order to increase their annual production by 2.5 to 3 per cent, business firms in Canada on the average are having to pay something like an additional 8 per cent in annual payroll costs for their labour requirements....

The difference, of course, has to come from somewhere, and if market demand were strong enough business firms would almost certainly pass their unit labour cost increases straight back to the final consumer – who in all likelihood is himself a wage or salary earner – in the form of higher prices. For the time being, of course, the ability of business firms to do this is limited by the weakness of market demand for their products and by the Commission's price-restraint program, under which price increases are only regarded as justified if they produce less revenue than the amount needed to cover cost increases.

The extent to which business firms can continue to absorb part of the sharp rise in their labour costs at the expense of their profit position is not unlimited, however. As their profit margins decline, firms try to save on their labour costs by hiring fewer workers and are forced to cut back on their expansion plans.

The result is likely to continue to pose a dilemma for economic policy unless the average size of wage and salary increases soon begins to fall back more closely into line with the average rate of productivity improvement....