

dealing with a complex matter, not a single one. We must also remember that the United States' economy had been accelerated because of new military commitments in Viet Nam in a way that the Canadian economy has not been. The result of that new military commitment is a unique factor in the United States economy. Furthermore, the United States has in recent years become accustomed to a very slow price increase and the fact that there has been some greater price increase in recent months is naturally attracting a good deal of attention and concern.

Mr. CAMERON: How do you explain the recent quite disastrous developments as far as my province, British Columbia, is concerned in the very drastic decline in the market for forest products from the British Columbia industry in the United States? This is now causing very severe layoffs in British Columbia. Apparently the stimulus of further expenditure in the United States has not had the effect you suggest and demand has gone down in these various products.

Professor NEUFELD: I am not an expert in the demand for forest products. I think there is evidence that the capital spendings boom is easing off, which would be in harmony with some softness in construction materials. I do not know the details of the British Columbia forest products industry, and I would be giving the wrong impression if I implied I did.

Mr. CAMERON: With respect to your contention which you reiterated in a number of places in your presentation regarding the serious effect of wage increases on the situation in Canada, could I refer you to the table prepared by the D.B.S. I do not know if you have it with you, but I know you have seen it. It is a table presented yesterday by the Deputy Minister of Finance, table No. 6, with regard to the per cent composition of gross national product. Mr. Bryce placed great emphasis on the fact that the component as supplied under "Wages, Salaries and Supplementary Labour Income" had remained almost unchanged from 1949, and this would seem to indicate that the share of labour has not increased at all in the gross national product. How does that square with what you have said?

Professor NEUFELD: That is a very good point. It illustrates nicely the futility of the attempts on the part of labour and management to try to change their share of the income. It is not the fact that permanent changes occur. The problem is that each side tries to change its proportion, and in the outcome the only person that loses is the consumer, and no one gains. As I say, the only person who loses is the consumer and particularly the saver through increased prices.

It is perfectly true, and evidence in the United States proves the same thing, that in the end there is very little change in respect of income proportion. We are dealing with a dynamic situation here in that one side tries to change its share and the other side tries to balance it off, and then the first side again tries to change its share and the second side tries to balance it off again, and so on. This is the kind of process that might well be behind price increases.

Mr. CAMERON: In view of the fact that we have had continual reports from the Economic Council of Canada of the existence in Canada of conditions approaching poverty among some 25 per cent of our population, then would you suggest that the present share, or the way in which the national income is divided, is adequate for our social purposes?

Professor NEUFELD: It raises another issue. The point is this: I do not think you are going to solve the poverty problem by changing factor income proportions because almost certainly the people who have a chance of improving their position are not the poor people but the workers who belong to strong unions. So that if anybody gains, and I doubt if in the long term they will gain, it would be such people. May I add that if one is concerned with the problem of