

our own productivity and help to maintain our competitiveness. At the present time, business fixed investment remains relatively strong, and, indeed, is the main support of the economy. But I am not unmindful of the threats to the investment program posed by falling profits and softer demand in other sectors of the economy.

I believe that national production will start growing again later this year, as I have said. But I have to acknowledge that history tells us that employment gains are likely to be modest in the first part of the period of renewed growth. The initial phases of expansion are almost always characterized more by a step-up of productivity than of employment.

The outlook for prices is very difficult to gauge, even on the assumption of reasonably good crops. One has to weigh the effect of the higher wage costs against the downward tendency of many commodity prices and the likelihood of a general decline in the rate of increase of prices in the United States, where domestic cost pressures are much less severe.

It is because our own cost situation is now so dangerous, because inflation is itself so damaging to our own national production, and because the fact of inflation limits one in the choice of measures to counter the slowdown of activity that I attach great importance to the effort we are making to achieve a national consensus on the necessity of exercising restraint on the increases of prices and incomes in the Canadian economy.

If we all persist in trying to gain at the expense of others, the cost in terms of human welfare will be great, and greatest for the weakest.

S/A