

Wide economic fluctuations, whether upward or downward, produce very harmful effects. We must seek to spare Canada the experience of "boom--bust". Excessive fluctuations create fear and disturb confidence in the future.

Inflation has accompanied economic growth in Canada in the postwar period. This has given rise to an erroneous belief in the minds of some that a measure of inflation is necessary to stimulate growth. This is a fallacy of the deepest dye. Growth in this postwar period has been achieved in spite of and not in consequence of the measure of inflation which has accompanied it. I believe that inflation is an evil in any of its forms. I believe also that it cannot be overcome by governments alone. It will be vanquished only by the efforts of all.

Buyers' Market

I have spoken of the first two of the dangers which confront us, namely, instability and inflation. The third is very closely related to them. It is the danger of rising costs. Canada cannot insulate its economy from the rest of the world. We are the fifth trading nation of the world. Twenty per cent of our national production is disposed of in external markets. We must be aware that we have moved into a period of the keenest international trading competition. This is the inevitable consequence of the sweeping economic recovery of Europe and the enlargement of the resources of Asia. The Communist bloc, with the possibility of dumping of goods in international markets without regard to the cost of production, confronts us with a new and disturbing form of competition. The scarcity of goods in the earlier postwar years has disappeared. The sellers' market is a thing of the past. The buyers' market is here and is likely to continue as far as one can see.

Trading associations are taking form in Western Europe, in countries which today absorb \$1.25 billion worth of our exports per annum. We must be alert to resist the possibility of new discriminations arising in that quarter.

In the light of all of these circumstances, the warning to Canadian producers is clear: keep your costs down, or you will price yourselves out of world markets. At the same time you may price yourselves out of Canadian markets. All Canadians, whether directly engaged in production or not, have a direct interest in preventing the loss of markets through high costs of production.

Particularly at this juncture it is to be hoped that Canadians will enjoy industrial peace and co-operation. In the face of developments abroad, this is a time to avoid the supreme folly and waste of resources in industrial strife and work stoppages.