

As Canadian industry continues to expand its capacity, it is likely to overtake demand which at present is particularly buoyant. Hence we must expect increasing competition, not only from our foreign suppliers but also from domestic producers. This continuing challenge, which is pushed into the background in a period of rapid growth, reappears regularly when the economy is less buoyant. The objective of increasing efficiency and remaining competitive is one which Canadian industry wants to keep continuously in mind. It is perhaps not good enough to think of it only in times when the going is tough and forget about it when business is brisk.

There are other uncertainties. As 1955 was drawing to a close, our friends in the United States were fairly optimistic about their economic outlook for 1956. But we are now finding some doubt expressed about the rate of expansion the U.S. economy might experience this year, largely because of three adverse factors: a decline in motor car sales, a drop in housing starts, and a set-back in the stockmarket.

The forces of expansion in the Canadian economy seem to be somewhat stronger than those operating in the American economy, on the basis of reports we have been getting lately from U.S. experts. Hence, economic activity in Canada may rise during this year even though there may be some slackening in the U.S. economy. But the fact remains that sooner or later we may feel the impact of a pause in the expansion in the States, particularly if that pause is of longish duration.

If such a situation were to develop, Canadians might do well to try to see things in perspective. If we are able to make rapid economic progress in our stride as we have done in 1955, we should be equally able to see the difficulties we may be encountering as what they are: as roadblocks in the way of further economic expansion with which we probably can cope, in concert with other like-minded nations, and not as major calamities.

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