

External Affairs
Supplementary Paper

No. 53/23 An address by the Minister of Trade and Commerce, Mr. C.D. Howe, made at the Triennial Convention of the Crown Life Insurance Company, at St. Andrews, N.B., September 2, 1953.

...Looking back over the past few years, one is inclined to forget the difficulties and the crises that arose from time to time and to get the impression that it was all plain sailing. It was not all plain sailing. I ask you to recall, for example, the dollar shortage of 1947, the short recession in the U.S. in 1949, and the Korean inflation. These were very real crises which at the time seemed to threaten the foundations of Canadian prosperity.

One of the reasons that I recall these past crises is that I have no doubt that we shall, during the next few years, face similar crises again and shall have to frame policies to deal with them. It will not be roses, roses all the way. In fact the one prediction that is most likely to come true is that difficulties lie ahead somewhere. As many of you know, who follow current affairs at all closely, some economists have for several years been predicting that a recession may occur six months hence. They were predicting something like this at the end of the war and have been doing so from time to time since. I suppose that sometime their predictions will be justified.

In saying this I am not criticizing the economists. The fact is that in this modern world the uncertainties are so great it is almost impossible to see more than a few months ahead, and it is just as well to be cautious in one's forecasts. But while we must be cautious about the future and take necessary precautions, I suggest it would be a mistake to frame Canadian national policies in the shadow of fear of a coming recession. Certainly if we had done so in the past we would have caused irreparable damage to the Canadian economy. I have already said on other occasions, and I repeat, that I believe the widespread fear of recurrence of depression has been a blight on the post-war world.

There is no inherent reason for the economies of countries with a free enterprise or capitalistic system to be subject to wide-swinging booms and depressions. The Communists, of course, preach that the capitalistic system carries the seeds of its own destruction but they are interested in seeing that the capitalistic system is destroyed so that their views are suspect. Certainly I do not think we should fall for their propaganda.

It is probably true, nevertheless, that in a free-enterprise economy some fluctuations and instability are the price of freedom. What we -- and by we I mean not only government but business and farmers and labour -- should endeavour to do is to see that the adjustments which may have to be made from time to time are made with a minimum of fuss and are prevented from causing a general decline in activity.

These are very general remarks, ... and I do not intend to draw any particularly specific conclusions from them except to say that in thinking about the future of Canada while one should be prepared for setbacks from time to time, it seems to me that the general outlook for Canadian development and standard of living is promising.