

Private surveys of capital investment intentions suggest that the plans of the business community for 1960 contemplate an accelerated rate of investment in the commercial and industrial sector of the economy. While there may be some reduction in residential construction, increases in investment in plant and equipment are likely to more than offset them and in the aggregate there seems to be a clear indication that total investment, both private and public, will reach new records in the coming year.

The continued increase in exports and capital outlays suggests that 1960 will be a year of rising output and employment which will see a more efficient and fuller use of the productive resources of the economy than 1959. Correspondingly, it can be expected that the trends of income and consumption will continue to move upward with output and employment.

In summary, it would appear that a production increase of substantial magnitude can occur in 1960 without placing excessive pressure on plant and man-power capacities.

There are the prospects. These are the potential of the Canadian economy. The promise of further enlargement of national production, incomes and employment should not, however, blind us to the fact that continuous progress throughout this year and beyond it is not inevitable. We cannot assume the assurance of a higher national income year after year unless we take steps to ensure that the expansion is orderly and balanced. There have been years, even in the postwar period, when the real rate of growth in Canada was considerably less than the economy was capable of achieving. If we are to have continuous and sustained improvement in production, and thus in our standard of living, we must employ all the collective intelligence and discipline which we possess to prevent unnecessary interruptions in the progress of the economy.

One thing has been made abundantly clear in the past decade. It is that the Canadian people are firmly determined to preserve the system of free enterprise. It is under that system that the prosperity and growth of this country have been achieved. It is that system which provides the maximum of security, combined with freedom and opportunity. It is not the perfect system, it is just the best system. Its corollary is that governments should not attempt to do for people what they can better do for themselves.

Three Dangers

In harmony with the note which I have sounded that uninterrupted progress for the indefinite future is not inevitable, I discern three dangers confronting the Canadian economy, namely, instability, inflation, and high costs. Each of these dangers is related to the other two.