

Currently in its fourth year, this school is doing as important a job for the western businessmen as your own school is doing for the business community of eastern Canada. This year McGill University is embarking on quite a broad programme of teaching in the field of business administration, thus filling an important gap in the business training of the younger generation attending that illustrious university.

The theme of your conference today is "Business Looks at 1955." Having listened to the stimulating and reassuring remarks of Ken Galbraith on the prospects of the U.S. economy, I could confine my remarks to one sentence: If the U.S. remains prosperous, Canada will continue to do well: our domestic market is growing, resources development and expansion of capital facilities continue unabated, and with economic conditions improving in the United States our exports to that country should rise. I am sure a one-sentence speech would appeal to those of you who believe in brevity.-- If I continue with my remarks I do so for two reasons: first, I promised your Programme Committee I would do so; secondly, I do not want our visitors from the United States to leave with the impression that the Canadian economy is so closely linked to the American economy that it of necessity follows the economic trends of our neighbour to the south. The events of the last decade suggest that the similarity of economic trends in our two countries which has been pretty much taken for granted for the last three-quarters of a century, may be less marked than we have been accustomed to assume. I shall come back to this point later.

Economic Problems of 1954 Point to Both the Strength and the Weakness of the Canadian Economy

There are two ways in which business can look at 1955. One is to marshal all the bits and pieces of information that indicate the sales, costs and profit prospects and related matters of interest to business executives. The other is to examine some of the basic economic forces and problems that will influence the course of the Canadian economy over the next several years. I shall take this latter approach in line with my assignment which is: "The Canadian Economy - Its Strength and Weakness." In my concluding comments I shall bring out a few of the implications for the near-term economic outlook.

It is probably quite appropriate that we should take stock today: where the Canadian economy stands now and where it is going. Over the last ten years we have heard a good deal about Canada being a booming country, a nation with the largest currency in the world, and a land of milk and honey. Amid all this praise and general optimism the fact that we also have many economic problems and some weaknesses in our economic armour has not received the same public attention as have the wonders of Canadian economic achievements: the equivalent of five average wheat crops in three years; over 100,000 houses built a year, three times the pre-war rate; major transportation projects: the St. Lawrence Seaway, the Canso Causeway, the Trans-Canada Highway, and new railways opening up our northland; resources development on a large scale all across the country: the Kitimat aluminum project in British Columbia, the discovery and development of oil