

In such a situation, we must keep our heads and our sense of perspective. That is why, in the period that lies immediately ahead, we must keep our policies flexible and at the same time take account of the long-term objectives that are basic to a sound and stable economy -- both here at home and for the world as a whole.

In the remarks I have just made I have tried to express some of the views that lie behind the government's policies at the present time. While we have stepped up our defence plans to meet our international obligations, we are trying to keep the overall picture in view before initiating action that affects either the military preparedness programme or the welfare of the nation as a whole. There are some people who, in all sincerity and with the best interests of Canada at heart, feel that the present situation calls for measures that would be used in a state of all-out war -- emergency production boards, conscription, controls and rationing, to mention but a few of the measures they advocate. Each of us has the right to his own interpretation of the situation. In fact, the people of this hemisphere believe in a system that puts its faith in an aggregate of individual decisions rather than in the decisions of a few master minds. In the business world especially we feel that the composite of a large number of independent decisions is preferable to the planning of a few experts. But how extremely sensitive this system of mass decision is to the changing fortunes of a troubled world!

Not long ago fears were being expressed right here on this very coast that the outlook for some of the basic industries in this region was disturbing. To some it seemed that we were facing declining employment levels, that markets were disappearing, and that we were heading straight for a depression. Let me hasten to assure you that the West Coast was not any different in this from other parts of the country. Memories, I know, are short, but I don't think it does any harm at this time to remember the days when we had to dispose of a few surpluses. Those of you who are in the lumber business will recall some of the gloomy forecasts made at that time. Some of us felt then that the situation was a temporary one and that alternate markets would develop.

Now, little more than one year later, the pendulum has swung in the opposite direction. Rearmament needs, added to an already high level of civilian demand, are putting additional pressure on available supplies of material and manpower. Let us not over-estimate the seriousness of this situation and rush into a line of action that is not really suited to our present needs and that might be difficult to get out of once we have put the machinery into motion. For the pendulum may swing again away from a situation of tight supply and shortages. Nothing would suit the Kremlin better than to have us go all-out on defence preparation, then relax under a peace offensive, and be caught short when they again launch their programme of aggression by proxy. That is why I feel it is so important for us to keep our feet on the ground and not panic. The developments arising out of the Korean war so far have not called for a radical change in policy. What is needed right now is to increase our national defence effort in terms of men and equipment for the defence of Canada and to fulfil our