

I'm going to start with a quotation I came across recently that sums up the theme of my message better than I could myself. It goes like this:

High employment, high income and high production ... together represent a high standard of living. They are not a gift that can be handed down by the Government. They can be provided only by new and vigorous types of co-operative action between federal and provincial governments, between producers and management and labour, and between government as a whole and industry as a whole.

These words say it so well that I must give credit to the original source. They were spoken on November 20, 1946, and the speaker was C.D. Howe.

They would have been just as appropriate this year spoken by Don Mazankowski. Or, for that matter, 100 years ago by the Honourable G.E. Foster, who was Minister of Finance in 1893. Appropriate because they express truths about Canada and its economic situation that are timeless in their validity.

To the extent that we have lived by these common-sense precepts, we have done well. But when we strayed from them we quickly got into trouble. Our history bears that out, up to and including the latest chapters. And that is the ground I would like to cover with you tonight.

Canada made its way through the 1950s, the '60s and the early '70s with considerable economic momentum. We made our money in what the actor John Houseman used to call in those stockbroker commercials "the old-fashioned way". We earned it. We were a productive economy and a competitive one. And we didn't travel on a credit card -- we paid our way.

In those years, the Canadian economic vessel was on the right course. The stars we steered by were stable prices, balanced public finances and a commitment to liberalized trade. The propeller was co-operation -- government and the private sector working together for the common good. It got us where we wanted to be. Between 1950 and 1973, real incomes grew at an average rate of 4.3 per cent per year¹, compared with half that rate in the decade that lay ahead.

We started to go astray in the 1970s. It happened gradually, a degree at a time. What began as a policy misstep here and a neglected opportunity there, became a definite trend. In less than a decade this trend developed into a major change of course

1 Department of Finance, *Charting the Economic Course in a World of Change*, p. 7.