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**THE CANADIAN ECONOMY -
ITS STRENGTH AND WEAKNESS**

Remarks to the "Business Looks at 1955"
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the Economic Adviser, Department of Trade
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I am bringing to your conference the best wishes of my Minister, Mr. Howe, and the officers of the Department of Trade and Commerce. We in Ottawa have developed great admiration for the useful and constructive work of the school of Business Administration of the University of Western Ontario in assisting in the development of executive talent in Canada. Officials of our department have various opportunities of observing the results of your work. Our Deputy Minister, Fred Bull, is a member of your Business School's Advisory Committee. We have contact with a number of businessmen who have attended your advanced management courses and we employ some of the graduates of your University. I personally have also had the pleasure of meeting the teaching staff of the Business Administration School. From my limited observations of the high calibre of your instructing staff it does not surprise me to find that your School of Business Administration has become an unqualified success, and that it is making an important contribution to the business life of the nation.

The achievements of your business school have been an inspiration to other universities. We now have the Banff School of Advanced Business Management, sponsored by four western universities.

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

and natural gas in Alberta, of uranium in Saskatchewan, of nickel and copper in Manitoba, and of iron ore and non-ferrous metals in the central and Atlantic provinces. And to top it all, a continuous and unabated rise for close to a decade in both the nation's output and the nation's expenditure on expanding the capital facilities of this country on which higher productivity and a higher standard of living so heavily depend.

In 1954 our attention has again been drawn to the fact that a northern economy like Canada, dependent as much as it is on favourable weather conditions, cannot be relied upon to produce record crops every year. The law of averages was bound to catch up with us, as it did this year. Rain, frost, hail, wind, insects, rust and other blight all took a serious toll of this year's crop. As a result the 1954 wheat crop may turn out to be the smallest in the post-war period in quantity and the poorest in quality. Smaller crops this year are also indicated for oats, barley, rye and potatoes.

Further, the Canadian economy being heavily dependent on foreign trade cannot help but be affected significantly by declining markets abroad, particularly in the United States. Add to this the growing competition which Canadian fabricating industries, in particular, had to face from foreign imports and you can see that the year 1954 provides an object lesson on why a free enterprise economy depending heavily on favourable weather and export trade - the latter are two factors over which Canadians with the best of intentions have no control - cannot be expected to top each year the preceding year's economic record.

Visitors to Canada on learning of our crop failure, decline in exports and rise in unemployment, might readily conclude that Canada is in the midst of a serious recession. Well, fortunately there are many elements of basic strength that have remained in evidence during the year: a continuation of our resources development programme, a record volume of residential and commercial construction, a high volume of consumer spending, and little change in government outlay. As a result, our gross national product, excluding the agricultural sector, during the first half of the year was running at about last year's record levels. In the third quarter we may even have been a little ahead.

The economic record of 1954 points more clearly than in other post-war years to some of the strengths as well as some of the weaknesses of the Canadian economy: 11 per cent of our national income is earned in agriculture; 23 per cent of our gross national product consists of Canadian exports. Hence, a poor crop coupled with an overall decline in our sales abroad cannot help but affect the Canadian economy more adversely than that of almost any other industrialized society. But these are basic weaknesses that have been with us all along. Perhaps we have learned to live with them. They arise out of our climatic conditions and the structure of our industries which in turn is greatly influenced by the availability and type of our natural resources and our ability to develop these on a world competitive basis.

Character of Current Economic Problems

What I would like to discuss with you today, however, are some of the economic problems arising out of elements of both strength and weakness in our economy. Most of our economic problems are not just questions of black or white. Instead they are questions of what shades of grey, the lighter or the darker kind.

Some of our current economic problems are said to arise: (1) out of the inability of some of our manufacturing industries to compete against foreign imports, necessitating lay-offs in Canada; this has led to demands for increased protection; (2) out of our too great dependence on the U.S. market, making Canada subject to the at times substantial fluctuations of the American economy; this has led to complaints about "too many of our eggs being put into one basket"; and (3) out of our dependence on a basically free enterprise economy with its problems of industrial adjustment, unemployment and business losses; this has led to demands for the government to take up the slack whenever and wherever it occurred.

We hear a good deal about these three problems these days. They are, however, nothing new. Other generations before us faced them, and I believe the next generation will face them also. It is true that the manner in which we handle these problems will have some effect on the kind of economic situation we are facing. But the point to remember is that these problems are always with us. No simple and clear-cut solutions appear to be in sight. Each generation has to meet these same problems the best way it can. All I propose to do today is to sketch the problems for you. I shall not offer any solutions.

Foreign Competition Facing Canada's Fabricating Industries

Some of our manufacturing industries, for example, our electrical equipment and textile industries, have found it necessary to curtail operations in 1954 and to lay off men. The reason given was not so much declining markets - though this was the case in some instances - but the inability of these industries to compete against lower-priced foreign imports. Now the case is being made that the solution to this problem is to be found in providing increased protection for these industries. This would enable them to sell their products at higher prices in the domestic market and to keep lower-priced foreign-manufactured commodities out of the country. Whether increased protection is meritorious or not, whether it is the solution to the problem or not, is a matter for Parliament, the government, the industries affected and the general public to decide. The point we may want to consider is the economic ramifications of this problem.

Let us look at how the Canadian economy operates. About half of our national income is earned in so-called commodity-producing industries, covering the output of our resources industries, our advanced manufacturing industries, and the construction industry. The other half of our national income is earned in service industries, by people working in the utility industries, in trade, financial and general service operations, or employed by governments. If resources industries are defined broadly to include not only the extraction and growing, but the processing as well, of

agricultural, fish, mineral and forest products, then these industries are responsible for close to two-thirds of the national income earned in the commodity-producing sector. Hence you can divide our national income, speaking very roughly, into three parts: one-third is earned in the resources industries, one-sixth in the advanced manufacturing and construction industries, and one-half in the service industries.

Our service industries and our construction industry are largely domestic in character. They face comparatively little foreign competition, mainly because of the regional or local character of their service or product. Hence in relation to foreign trade, our concern is primarily with the resources and fabricating industries.

Canada's resources industries are among the most efficient in the world. Mainly because of the high quality of our resources, we can sell them at competitive prices in most foreign markets. The businessmen who develop these resources usually earn pretty good profits, and workers employed in these industries draw fairly high wages. Thus, our resources industries set a profit and wage pattern for Canada that has contributed greatly to the high standard of living which Canadians enjoy, and that has provided an incentive for businessmen to take the risks entailed in developing our resources.

Canada's service and construction industries have been able to meet the wage and profit standards set by the resources industries, and have been, by and large, fairly successful in their operations. The reasons are the national scale of operations in some sectors, e.g. department and chain stores and financial institutions, and the monopolistic or semi-monopolistic position of some other sectors, e.g., Canada's utility industries. In still other cases locational advantages have been the deciding factor, e.g., in the construction and general service business. Hence you have about five-sixths of the Canadian economy in which the general claim that we have a high-cost economy simply does not apply. Canada's resources, construction and service industries appear, under normal circumstances, to be able to afford the high wages and profits they pay for the reasons I have just outlined. In fact, but for the inability of these industries to offer such high rewards to their workers, Canadians would not have the high standard of living they now enjoy.

The interesting thing is that our resources industries, which set the wage and profit pattern for other industries in Canada, are also our most efficient industries. If they were not as efficient as they are, would Canada be the world's leading exporter of newsprint, wheat, nickel and aluminum? Now what happens to our fabricating industries when they are faced with the necessity of paying wages and of offering profit opportunities similar to those provided by our resources, construction and service industries? Some of our advanced manufacturing industries have the advantages of large-scale operation, e.g., our farm implement and fertilizer industries. These manufacturing industries are among the most efficient and are well able to hold

their own against foreign competition. In fact, they are able to compete successfully in a number of markets abroad. There are, however, some other manufacturing industries - I have mentioned two examples, electrical equipment and textile industries, and I could add others, e.g., the transportation equipment, the plumbing and heating equipment and the boot and shoe industries - which do not have the advantage of catering to a mass market. Hence the smaller scale on which these industries operate prevents them from producing as efficiently as, for example, some of their American competitors notwithstanding the fact that the latter may be paying higher wages and making greater profits than their Canadian counterparts. Nor have these Canadian manufacturing firms the advantage of lower wage costs that similar firms may have in the United Kingdom, Western Germany and Japan.

Given the present tariff structure, a number of Canadian fabricating firms are well able to hold their own in the domestic market against foreign competition by concentrating on the production of the articles they can turn out most efficiently. Some of our industries, however, are unable to do so and it is from these ranks that the demand for increased protection comes. In the present stage of Canadian economic development and technological advance, these industries are responsible for perhaps 5 to 10 per cent of Canada's national income. (Precise measurement does not appear feasible because the competitive position of various domestic industries in the Canadian market vis-a-vis foreign producers changes from time to time).

Some people suggest that the manufacturing industries which cannot meet fair foreign competition are inefficient and therefore do not deserve any sympathy. Given the basic economic facts of Canadian life, I personally cannot agree with this oversimplified conclusion. For the operations of these industries are circumscribed by the size of a market which prevents them from reaping all the advantages of mass production. The costs of production of these companies is determined largely by the wage and profit pattern set by our resources industries and followed by our construction and service industries. Hence our advanced manufacturing industries have little choice but also to follow this pattern. The point I want to make is that many of our fabricating industries are as efficient as is humanly possible, taking account of the handicaps they are facing.

It is not for me to express any views about whether Canadian industry should be given additional protection or not. But it may be useful to remember that there are economic arguments that further protection of Canadian industry would hamper the expansion of our export industries, which as I mentioned are among Canada's most efficient industries, and which are making dollar for dollar the greatest contribution to increasing our national wealth and in one way or another that of every individual Canadian. The reason why our export industries would be affected is simply that our customers would be earning fewer Canadian dollars from selling to us. And if they sell less to us, what alternatives have they got but buying less from us?

There is also the added point that Canadian consumers would have to pay higher prices for many commodities which could be imported at lower prices from abroad. We would also have to take into account Canada's international trade obligations, and our strategy in trade negotiations with our customers and suppliers.

I need hardly remind you that, on the other hand, a case can also be made for encouraging further industrial development through added protection. Advanced manufacturing in Canada means greater use of many of the raw materials produced in our own country. It also means added employment and income opportunities in such industries. As I understand government trade policies, their chief objective is to work with other like-minded nations towards a gradual reduction of trade barriers and to increasing the flow of international commerce. While this is its broad policy, the government is always willing to look at specific cases of individual tariff items when industry feels that it suffers hardships, as you can see from the number of hearings before the Canadian Tariff Board. The point I would like to make is that there does not seem to be any easy and clear-cut solution to the problem of foreign competition in our domestic market in sight, and that this problem is likely to affect the economic outlook in Canada for years to come.

Canada's Growing Dependence on Trade with the United States

To turn now to our second problem which is being described by some as a great weakness in our current economic position: our too heavy dependence on the United States. Specifically, the point is being made that we are now selling relatively more to the United States than we used to. This is quite true. In 1929, 44 per cent of our commodity exports went to the United States. In 1953 the proportion was 59 per cent. But much less attention is being paid to two corollary developments:

(1) We are now also buying relatively more from the United States than we used to. Canada's imports from the U.S. amounted to 73 per cent of total imports in 1953, as against 69 per cent in 1929. Given the present international situation, how else could Canadians pay for increasing imports from the United States but by increasing our exports to them? In fact, in our trade negotiations with the Americans, Canadians have persistently made the point that they are not selling enough to the United States. (As you know, Canada's commodity trade deficit in 1953 with the U.S. was \$758 million.)

(2) The Canadian domestic market has grown more rapidly than our markets in the U.S. Between 1929 and 1953 real gross national product rose by 127 per cent, or at an annual rate of 3.5 per cent (compound). Canadian commodity exports increased in volume terms by 95 per cent over the period as a whole, equivalent to an annual average rate of increase of 2.8 per cent (compound). This means: It is true we are putting more eggs into one basket - only the basket is Canada and not the United States.

Canada Becoming More Independent of Economic Events in the United States.

The fact remains, however, that the largest proportion of our trade is with our neighbour to the south. Remembering the experiences in the 'thirties, it is understandable that some people are worried about what substantial economic fluctuations in the United States may do to the Canadian economy. The suggestion is made that every time Uncle Sam sneezes we in Canada, together with our friends in Western Europe, are likely to catch a cold. Well, the evidence of the last decade suggests that this diagnosis deserves re-examination.

Here is what happened during the last two recessions the United States experienced, one in 1948-49 and the other in 1953-54. In the first of the two U.S. recessions since the end of World War II, Canada continued on her path of economic expansion. In the more recent period of adjustment, declines in economic activity that did occur in Canada were of much more moderate proportions than in the United States. Let me give you a few quantitative illustrations:

	Percentage Change		Percentage Change	
	4th Quarter 1948 compared with 4th Quarter 1949	2nd Quarter 1953 compared with 2nd Quarter 1954	U.S.	Canada
Gross National Product (1)	-4.2	+3.0	-3.8	-0.7
Gross National Product (excluding agriculture) (1)	-0.2	+2.8	-3.9	-0.5
Gross Domestic Investment (excluding inventory change) (1)	-5.2	+0.4	-2.2	-3.0
Commodity Exports	-19.4	-5.0	-6.6	-10.3
Consumer Expenditures (1)	+1.4	+6.7	+1.0	+3.6
Government Expenditures (1)	+7.4	+16.5	-9.6	-2.8
National Security Expenditures (1)	-(2)	-(2)	-17.7	-9.0
Index of Industrial Production	-7.3	+0.3	-9.4	-3.4
Population (3)	+1.7	+2.2	+1.7	+2.8

Why have Canadians been spared a good many of the effects of the last two U.S. recessions, an experience shared by a number of European countries, particularly in the more recent period? Well, in the case of Canada our more rapid growth of population and of the domestic market as well as a continuation of our resources development had a good deal to do with it. As far as Western Europe is concerned, these countries have finally reached

(1) Seasonally adjusted annual rates.
 (2) Not available.
 (3) As of June 1.

a stage of economic recovery - from the distress of the 'thirties and the ravages of World War II - which has enabled them to take minor downward adjustments taking place in the economies of North America in their stride. Mind you, if the United States at some future date were to have a really serious recession or go down hill to a full-scale depression, no doubt Canada and the rest of the world would feel the impact quite severely. But what I think should be recognized is that the economies of other countries are developing some basic strength of their own that makes them somewhat more independent of economic events in the United States than they are generally given credit for.

The implication for the near-term economic outlook is: If the economic situation in the United States improves, as most Americans seem to think it will, Canada's export trade with that country should benefit. If, on the other hand, the economic situation in the United States continues on its present course of showing little improvement for another year, the Canadian economy may not be seriously affected as long as most of our overseas customers continue to do fairly well, as they appear to be doing at present, and as long as overall domestic demand continues reasonably firm.

Problems of Business

The third problem that I would like to touch upon relates to the general problem of the economic adjustments that Canadian industry has to face from time to time. The same is true for many of Canada's municipalities which gain or lose industries and for most of Canada's working population who change jobs and venture into different businesses. In the last year or so when this adjustment has been more pronounced than at any time since the end of the last war, the clamour for governments to step in and do something about this problem has been understandably great. I have given one example of the type of government action asked for by some industries: increased protection. Other demands have ranged all the way from extending social security coverage to initiating a broad program of public works, from awarding defence contracts to non-competitive industries to paying subsidies to keep declining industries from closing down, from reducing the flow of immigrants into Canada to prohibiting exports of certain industrial raw materials.

Obviously, if all or most of these demands for government action had been heeded, the Canadian economy would have been transformed into one very different from the free enterprise society it is now. Let me hasten to add that it is not for me to say what government economic policies are most appropriate in the present period of economic adjustment or at any period. This is a matter for the business community, the trade unions, and the public in general to consider, and for the various legislatures and governments to decide.

But perhaps we can concern ourselves today with the general question: If the Canadian economy is to maintain its basically private enterprise character, if market forces rather than government controls are to be the deciding factors in the production and distribution

of goods and services and the use of the resources of the country, are there some things that are almost unavoidable? Let me illustrate this point.

In a private enterprise economy, profits are a prerequisite to the successful functioning of the incentive system. There should be no need for businessmen to feel apologetic if they make profits. But in a competitive society businessmen must on occasion expect losses. Nobody likes losing money in business but at times the threat of a loss or the realization of a modest loss may be essential for long-term growth. It is a warning signal that the firm is not doing so well; it represents an incentive to improve efficiency, to eliminate non-essential expenditures, to develop new products, to find additional markets; in other words, do all the things that a free enterprise economy has the right to expect from efficient management.

This, in fact, is a basic principle recognized in Canadian income tax laws. As you know, Section 27(1)(e) of the Income Tax Act, 1948 (as amended) gives businessmen the right to carry backward losses for one year or charge them against profits in the following five years.

Problems of Labour

The situation is somewhat analogous in the case of men finding and losing jobs. If every man had a secure job from the time he started working until he retired, the opportunities for personal advancement and for individual betterment would be considerably less than they now are. Even more important, it would prevent the nation from making the best possible use of its manpower resources, and Canadians would have to be content with lower productivity and a more modest standard of living than they now enjoy. In reality there is a premium on mobility in Canada. The reasons are quite simple. The rate of economic development varies from region to region and with it the opportunities to find better paying jobs. If the Canadian economy is to continue to increase its productive capacity as rapidly as it has in the past, it is desirable that our labour force can move from one job to another when the opportunities present themselves. In most cases this may take the form of moving from one firm to another firm in the same industry in the same locality. At times it may mean moving from one industry in one locality to the same industry in another locality. In still other cases, particularly where people are employed in declining industries, it may involve a willingness on the part of the worker to take a job in a different industry. Labour mobility sometimes requires a quite a significant adjustment on the part of those affected, and in making a case for it there is need for a sympathetic consideration of the human problems involved.

There are other types of unemployment, such as those occurring by reason of seasonal lay-offs, lack of demand, sickness of the worker, etc. They are all part and parcel of the hazards attached to human life itself and of the way in which a free enterprise economy operates. Unemployment insurance and assistance in re-training and in moving workers are some of the measures used to cope with such problems of temporary lay-offs if and when they occur.

Regional and Local Economic Problems

Then there is the economic adjustment that regions and localities undergo from time to time. Some cities expand rapidly. Other communities may be contracting in size and losing population. Some people seem to think that the problem of such declining areas can be solved by public works. If such projects were of a constructive type and not of the "leaf raking" variety, they contribute very little to the development of the community. But even if they are of a constructive type, they might only postpone for a short while the ultimate adjustment if the latter is necessary for economic reasons. This is not an argument against public works. It is rather a suggestion that public works can help a basically healthy area to overcome temporary problems of economic adjustment. They can further strengthen, improve and expand the public facilities a growing area needs. But public works can do little - except in very special circumstances - to transform an economically unsound area into a vigorously growing community.

The implication for the near-term economic outlook of Canada continuing to operate as a basically free enterprise economy simply is this: the opportunities for businessmen to make profits and for workers to find jobs are likely to continue to be fairly good and most Canadian communities are likely to experience further growth. But earning a profit, finding and holding a job, and dealing with local problems of adjustment are likely to be more difficult than has been the case since the end of World War II.

Role of Government in a Period of Economic Adjustment

As to the role of government, the problem it faces is: whether to take action to provide special assistance to each industry or individual firm every time it loses business, to guarantee a new job every time a man loses his job, and to come to the aid of a municipality every time it gets into trouble - or whether to take such general action as is most appropriate to facilitate the continuing growth of the Canadian economy, including ample employment opportunities in the country as a whole and sufficient total demand to enable the majority of business firms, farmers and fishermen in Canada to operate successfully. Of these two alternative courses of economic policy, the Canadian Government has chosen the latter. Let me indicate to you some of the Government thinking on this point as expressed by my Minister, Mr. Howe, in a recent address: "The Government (makes) every effort to create by all its policies favourable conditions within which the initiative, experience and resourcefulness of private business can contribute to the expansion of business and employment. This attitude (permeates) all aspects of government policy, including taxation, monetary policy and credit policy. . . . The object (is) to promote continuing expansion and to discourage inflation. . . . The time may come" (1) when there has to be greater emphasis on supplementary measures to maintain employment and incomes. We must ensure that these supplementary measures, if they do become necessary, support and do not interfere with the attainment of a highly productive, low-cost,

efficient economy."(1)

Implication for the Near-Term Economic Outlook

In coming to the end of my remarks, let me draw together some of the implications for the economic outlook for 1955.

Factors of Strength. Factors of strength in the Canadian economy that are likely to influence the pattern of next year include:

1. Continuation of population growth, currently close to 3 per cent per annum, and with it increased opportunities to do business in an expanding domestic market.
2. Continuation of resources development and the housing programme at a high level.
3. Improved prospects for export trade to the United States if that country resumes its path to further economic expansion, as has been suggested; to countries overseas as their economic and exchange situation continues to improve.
4. Increases in productivity which strengthen the competitive position of Canadian industry and make it possible for Canadians to earn higher profits and higher wages.

Factors of Weakness. Factors of weakness in the Canadian economy that are likely to affect the level of activity in 1955 include:

1. Declining farm incomes because of the particularly poor crop of 1954 are likely to reduce the purchasing power of the important agricultural sector of the Canadian economy.
2. Foreign competition is likely to continue to cause difficulties for some of our advanced manufacturing industries.
3. The ratio of unemployed to the total labour force is likely to remain higher than what we have been accustomed to during most years in the post-war period. While some of the income losses of those laid off will be offset by receipts of unemployment insurance benefits, the buying power of those affected would be reduced.
4. Uncertainty about the economic outlook is likely to result in the continuation of the present attitude of caution both on the part of businessmen and the general public. While most Canadians are probably reasonably optimistic about the economic outlook for 1955, that optimism could well be dampened if the U.S. economy continues to move "sideways" instead of "forwards" and if

(1) "The Role of Government", address by Mr. C.D. Howe, Minister of Trade and Commerce, Canadian Club, Toronto, April 5, 1954, pp. 5 and 8.

U.S. economic and trade policies lose some of their leadership qualities and become more protectionist.

Conclusion

Balancing these elements of strength against the elements of weakness, you can come up, depending on the weight you attach to each of the components, with one of three answers: that the Canadian economy may be doing about as well next year as this year, a little better or a little worse. But there is little evidence to suggest at present that we can expect a major change in the economic climate, either in our country or in the United States.

Personally, I continue to be confident in the ability of the Canadian economy to take adjustments in its stride. I think that the business prospects for next year are pretty fair, because I believe in the basic soundness of the Canadian economy. I am certainly heartened to learn that this view is shared by a majority of the 200 business executives who have been polled about the economic prospects for 1955. The School of Business Administration of the University of Western Ontario has undertaken these surveys of business executive opinion for five years now. Most of the time, the results have been remarkably accurate, indicating how close Canadian businessmen are to the Canadian economic scene. I can assure you that the judgment of the business community about the economic outlook is carefully studied in Ottawa, as well as in all other parts of Canada. Let me close by congratulating business executives on their foresight and the School of Business Administration of the University of Western Ontario on its skill in organizing these important surveys.

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