

THE CANADIAN  
CHAMBER  
OF COMMERCE

LA CHAMBRE  
DE COMMERCE  
DU CANADA

1080 COTÉ DU BEAVER HALL  
MONTREAL, QUEBEC H2Z 1T2  
(514) 866 4334

## *Notes for an address*

**FOR RELEASE:** MONDAY, MARCH 5, 1979, 1:00 P.M. EST

**SPEAKER:** DAVID I.W. BRAIDE, CHAIRMAN OF THE BOARD, THE  
CANADIAN CHAMBER OF COMMERCE

**TOPIC:** "'79: SPRINGBOARD FOR THE 80'S"

**AUDIENCE:** THE CANADIAN CLUB OF TORONTO

**PLACE:** ROYAL YORK HOTEL, TORONTO

**DATE:** MARCH 5, 1979

**CONTACT:** MEDIA RELATIONS DEPARTMENT, CANADIAN CHAMBER OF  
COMMERCE, (514) 866-4334, LOCAL 59

**CHECK AGAINST DELIVERY**

MR. CHAIRMAN,  
DISTINGUISHED HEADTABLE GUESTS,  
LADIES AND GENTLEMEN:

I MUST CONFESS THAT THE ARRIVAL OF YOUR INVITATION TO SPEAK TO YOU TODAY PRESENTED ME WITH A PROBLEM. MY CALENDAR REMINDED ME THAT THIS IS ALSO THE DATE OF A MEETING OF THE BOARD OF DIRECTORS OF THE NATIONAL CHAMBER IN MONTREAL. AS CHAIRMAN OF THE BOARD, I HAVE MORE THAN A PASSING INTEREST IN SUCH EVENTS.

BUT I WAS, OF COURSE, CONSCIOUS OF THE VALUE OF THIS PLATFORM, AND OF THE OPPORTUNITY IT PRESENTS TO GET A MESSAGE ACROSS TO AN IMPORTANT AUDIENCE. IN THE END, THE CHOICE WAS NOT TOO DIFFICULT, AND I AM MORE THAN PLEASED TO BE WITH YOU THIS AFTERNOON.

IT HAS BEEN SAID THAT A SPEECH IS A SUCCESS WHEN THE AUDIENCE WANTS TO HEAR WHAT THE SPEAKER WANTS TO SAY. I KNOW EXACTLY WHAT I WANT TO SAY; IN 20 MINUTES OR SO, WE WILL KNOW HOW THINGS WORKED OUT ON YOUR SIDE OF THE PODIUM.

THOSE OF YOU WHO MAY BE EXPECTING "JUST ANOTHER CHAMBER OF COMMERCE SPEECH", OR ANOTHER MELANCHOLY STORY ABOUT THE GRADUAL ECLIPSE OF THE GOOD OLD FREE ENTERPRISE SYSTEM, ARE GOING TO BE DISAPPOINTED. IN FACT, IT MAY SURPRISE YOU THAT MY TONE TODAY WILL BE ONE OF OPTIMISM. AND I HASTEN TO ADD THAT I DO READ THE NEWSPAPERS AND, YES, I HAVE HEARD ABOUT

INFLATION, OUR ANEMIC DOLLAR, UNEMPLOYMENT, OUR OVERSIZED BUDGET DEFICIT, TAXES, THE FEDERAL-PROVINCIAL POWER STRUGGLE, THE OIL CRISIS, AND ALL THE OTHER NEGATIVES THAT CAN BE POINTED TO WITH DISMAY.

DON'T GET ME WRONG. I AM AS WORRIED ABOUT THESE THINGS AS YOU ARE. EVEN SO, I AM NOT INCLINED TO DWELL ON THIS ASPECT OF OUR STATE OF AFFAIRS, FOR TWO REASONS.

FIRST OF ALL, I SEE LITTLE VALUE IN PRESENTING TO YOU ANOTHER LIST OF OUR VARIOUS NATIONAL ILLS AND GROUPING THEM INTO ONE GIANT NEUROSIS. THAT PATH IS WELL WORN, AND THERE IS LITTLE THAT I COULD ADD. INDEED, THERE IS ALWAYS THE CHANCE THAT THE DIATRIBES OF DESPAIR WILL BECOME SELF-FULFILLING PROPHECIES. I RECALL THE OFT-REPEATED STORY OF THE MAN WHO RAN A LITTLE PIZZA STORE BESIDE A MAJOR HIGHWAY. HE MADE A GOOD PRODUCT, ADVERTISED IT WITH GUSTO, AND LOOKED AHEAD TO THE DAY WHEN HE MIGHT BE ABLE TO BECOME A SMALL CHAIN. THEN HIS SON RETURNED FROM COLLEGE AND TOOK HIM ASIDE. "WHAT DO YOU THINK YOU'RE DOING?," HE ASKED. "DON'T YOU KNOW WE'RE IN THE MIDST OF A RECESSION? TAXES ARE EXCESSIVE. THE DOLLAR IS WEAK. YOU'RE BEING REGULATED TO DEATH, AND WE HAVE A FAT NATIONAL DEFICIT."

AND SO THE MERCHANT DEFERRED TO THE WISDOM OF HIS OFFSPRING. HE CUT BACK ON HIS MEAT AND CHEESE ORDERS. HE TOOK DOWN HIS NEON SIGN TO CUT HIS UTILITY COSTS, AND CANCELLED HIS PLANNED EXPANSION. IN NO TIME, HIS BUSINESS TOOK A NOSE DIVE AND HIS BALANCE SHEET TURNED RED.

"YOU'RE RIGHT, SON," HE ADMITTED, "WE ARE IN ONE HECK OF A RECESSION."

BUT QUITE ASIDE FROM ANY RESERVATIONS ABOUT NEGATIVISM IS ANOTHER, MORE IMPORTANT QUESTION: WHERE SHOULD MARCH 1979 BE PLACED IN THE CONTINUUM OF ECONOMIC EVENTS AS WE MOVE FROM ONE DECADE INTO ANOTHER?

IS THE ATMOSPHERE OF THE SAGGING 70'S GOING TO BE WITH US FOR SOME TIME YET, OR IS MUCH OF THE BAD NEWS BEHIND US SO THAT WE CAN LOOK AHEAD WITH INCREASING CONFIDENCE?

TO ANSWER THIS QUESTION, IT HELPS TO REMEMBER THAT ALMOST ALL OF THE TROUBLES WE HAVE IN CANADA ARE MAN-MADE AND NOT THE RESULT OF OUR PHYSICAL SURROUNDINGS. IT FOLLOWS THAT THE CLUE TO THE OUTLOOK FOR THE 80'S LIES WITH THE DETECTION OF EMERGING TRENDS IN THE ATTITUDES OF OUR SOCIETY AND ITS LEADERS.

VIEWED FROM THIS PERSPECTIVE, I CONCLUDE THAT WE HAVE GROUNDS FOR SOME OPTIMISM. IF WE LOOK BEYOND TODAY'S HEADLINES, WE SEE SOME FUNDAMENTAL POSITIVE DEVELOPMENTS IN THE WAY CANADIAN SOCIETY IS REORDERING ITS PRIORITIES AND ITS PERCEPTIONS OF THE FUTURE.

FOR EXAMPLE, ONE CAN DETECT A RE-EMERGENCE, IN MANY FACETS OF OUR SOCIETY, OF THE CONCEPTS OF RESTRAINT AND SELF-DISCIPLINE. CANADIANS, AND ESPECIALLY THOSE UNDER 30 YEARS OF AGE, ARE INCREASINGLY SEPARATING THE IDEOLOGICAL WHEAT FROM THE

CHAFF, AND ARE TEMPERING IDEALISM WITH A MORE PRAGMATIC VIEW OF LIFE.

THIS RE-EVALUATION IS EVIDENT IN SEVERAL AREAS, BUT I PROPOSE TO CONSIDER JUST ONE: GOVERNMENT SPENDING AND GOVERNMENT FISCAL POLICY.

HERE THE ELECTORATE, IN THE NEW MOOD OF REALISM, IS CERTAINLY INSISTING THAT THE LESSONS OF THE RECENT PAST BE APPLIED. NOT TOO LONG AGO, THE CONNECTION BETWEEN GOVERNMENT SPENDING AND THE TAX DEDUCTION ON THE PERSONAL PAY CHEQUE SEEMED REMOTE AND EVEN UNIMPORTANT. NOW, THE AVERAGE TAXPAYER LOOKS CLOSELY AT WHAT HE OR SHE HAS PAID INTO THE PUBLIC PURSE, AND INSISTS ON A VISIBLE RETURN ON THAT INVESTMENT.

THIS INCREASING CONCERN FOR ECONOMIC POLICY AND CAREFUL MANAGEMENT OF PUBLIC FUNDS HAS SHOWN UP AT THE BALLOT BOX IN NO UNCERTAIN TERMS.

AS NEVER BEFORE IN RECENT HISTORY, POLITICIANS ARE GETTING ELECTED ON PLATFORMS THAT UNDERLINE THE NEED TO KEEP GOVERNMENT SPENDING UNDER CONTROL, AND WITHIN THE LIMITS OF THE ECONOMY'S ABILITY TO PAY. THE NEW PREMIERS OF BRITISH COLUMBIA AND MANITOBA WOULD CERTAINLY ACKNOWLEDGE THAT THIS IS THE CASE, AS WOULD THE WINNERS OF JUST ABOUT ALL OF THE LAST ROUND OF PROVINCIAL ELECTIONS. GENERALLY, POLITICIANS AT EVERY LEVEL SUCCEED IN CANADA THESE DAYS TO THE EXTENT THEY IDENTIFY THEMSELVES SQUARELY ON THE SIDE OF RESTRAINT IN GOVERNMENT SPENDING. THE CHANGE HAS BEEN DRAMATIC INDEED.

THE CLEAR MESSAGE FROM THE VOTERS HAS PROMPTED A REAL CHANGE IN THE FISCAL POLICIES OF OUR GOVERNMENTS. FEDERAL AND PROVINCIAL GOVERNMENT SPENDING ON GOODS AND SERVICES IS ACTUALLY DECLINING AS A PROPORTION OF OUR NATIONAL PRODUCT. NO GOVERNMENT IN THIS COUNTRY IS INTRODUCING NEW SPENDING PROGRAMS OF ANY CONSEQUENCE THESE DAYS.

SOME, AND MYSELF AMONG THEM, VIEW THE PROGRESS TOWARDS REDUCED GOVERNMENT DEFICITS AS FRUSTRATINGLY SLOW. BUT THE PRESENT ATMOSPHERE IS SURELY A FUNDAMENTAL CHANGE FOR THE BETTER. IT SUGGESTS TO ME THAT WE CANADIANS ARE ENTERING THE 80'S WITH A FRESH APPRECIATION OF WHAT OUR COUNTRY CAN AND CANNOT AFFORD, OF WHERE WE MUST CONCENTRATE OUR EFFORTS, OF WHAT WE MUST BUILD IN THE FUTURE.

I AM FURTHER ENCOURAGED BY A STRIKING CHANGE IN ATTITUDE TOWARDS THE PRIVATE SECTOR ON THE PART OF KEY OFFICIALS -- BOTH PERMANENT AND ELECTED -- IN OTTAWA. THE PRIVATE SECTOR IS NOW CITED AS THE REAL ENGINE OF ECONOMIC GROWTH AND JOB CREATION; IT IS FASHIONABLE IN OTTAWA TO ALLUDE TO THE NEED FOR A "CLIMATE CONDUCIVE TO BUSINESS GROWTH."

IT IS, I REALIZE, TEMPTING TO SPECULATE WHETHER THE TURNABOUT IS THE RESULT OF A GENUINE DEEP-SEATED CONVICTION ABOUT THE VALUE OF THE MARKET SYSTEM, OR IS RATHER A SIMPLE AND SHORT LIVED CASE OF POLITICAL EXPEDIENCY. BUT THAT IS NOT REALLY THE ISSUE.

THE POINT IS THAT A GRADUAL CHANGE OF ATTITUDE TOWARDS THE PRIVATE SECTOR HAS BEEN EVIDENT FOR SOME TIME. PERHAPS IT FIRST APPEARED FEDERALLY IN THE SPEECH FROM THE THRONE IN THE FALL OF 1976. CERTAINLY, THE ENCOURAGING THEME HAS BEEN EVIDENT IN THE LAST THREE FEDERAL BUDGETS, IN MAJOR DISCUSSION PAPERS -- INCLUDING THE "FIRST RESPONSE" DOCUMENT AND THE RECENTLY-RELEASED "ACTION FOR INDUSTRIAL GROWTH" REPORT -- AND IN THE APPOINTMENT OF THE NEW BOARD OF ECONOMIC DEVELOPMENT MINISTERS.

AT THE RISK OF OFFENDING THOSE OF A CYNICAL TURN OF MIND, I WOULD SUGGEST THAT THE CLIMATE FOR BUSINESS IS BETTER NOW THAN IT HAS BEEN FOR MANY YEARS.

NO MATTER THE SOURCE OF THE COMMITMENT OF OUR POLITICAL LEADERS TO THE PRIVATE SECTOR, WE MUST TAKE QUICK AND EFFECTIVE STEPS TO REINFORCE THEIR ENDORSEMENT OF THE MARKET SYSTEM.

OUR CHALLENGE IS TO DEMONSTRATE THAT THE BUSINESS COMMUNITY, LONG KNOWN AS A CRITIC OF OTTAWA'S ECONOMIC POLICIES, CAN RESPOND TO THE OPPORTUNITY TO SHOW POSITIVE LEADERSHIP. THE CONSEQUENCES OF OUR FAILURE TO RESPOND CONSTRUCTIVELY, IN WORD AND DEED, COULD BE SEVERE.

WE CAN INDEED BE HEARTENED BY RECENT INDICATIONS THAT BUSINESS IS REACTING POSITIVELY, AND THAT A MODERATELY PROGRESSIVE SEQUENCE OF ECONOMIC RESULTS IS DEVELOPING.

THE ECONOMIC OUTLOOK FOR 1979 MAY NOT BE EXCITING -- BUT IT IS CERTAINLY POSITIVE. AS DOMESTIC DEMAND GRADUALLY IMPROVES AND AS OUR EXPORT SALES ADVANCE WITH THE ASSISTANCE OF THE DEVALUED CANADIAN DOLLAR, THE PRESSURE ON INDUSTRIAL CAPACITY INCREASES. THE RESULT IS AN IMPROVEMENT IN BUSINESS PROFITS AFTER THEIR LONG SLUMP -- A TOPIC I SHALL RETURN TO LATER -- PROVIDING FUNDS TO FINANCE THE MODERNIZED AND EXPANDED PLANTS NEEDED TO TAKE ADVANTAGE OF THE ENLARGED MARKETS OF THE 80'S.

FOR THE FIRST TIME IN SEVERAL YEARS, BUSINESS INVESTMENT IN NEW PLANT AND EQUIPMENT FOR 1979 WILL SHOW A SIGNIFICANT INCREASE IN REAL TERMS.

IN THE PROCESS, BUSINESS IS ACHIEVING REMARKABLE RESULTS IN TERMS OF JOB CREATION. LAST YEAR ALONE, 324,000 NEW JOBS WERE CREATED IN CANADA, VIRTUALLY ALL OF THEM BY THE PRIVATE SECTOR.

UNHAPPILY, NEW ENTRIES INTO THE LABOUR FORCE IN CANADA DURING THE SAME PERIOD WERE EVEN GREATER, AND WE STILL HAVE A LONG WAY TO GO TO REDUCE UNEMPLOYMENT TO ACCEPTABLE LEVELS. BUT GIVEN AN ENCOURAGING CLIMATE FOR NEW INVESTMENT, AND IF THE DEMOGRAPHERS' PROJECTIONS ARE ACCURATE, WE SHALL SEE AN EASING TO THE PROBLEM EARLY IN THE 80'S.

SO THE SYSTEM IS WORKING, AND THE BUSINESS SECTOR IS RESPONDING POSITIVELY TO ITS NEW OPPORTUNITIES. BUT A PRESSING NEED EXISTS FOR US TO DO MORE THAN JUST TO REACT. WE MUST BE SEEN TO BE REACTING POSITIVELY, AND THAT IS QUITE ANOTHER MATTER.

AS EVERYONE IN THIS ROOM KNOWS ONLY TOO WELL, THE RECOVERY IN THE PROFIT PICTURE HAS NOT BEEN UNIVERSALLY PERCEIVED AS A POSITIVE DEVELOPMENT, TO PUT IT MILDLY. AS SO OFTEN IN THE PAST, PROFITS ARE BEING SINGLED OUT AS SCAPEGOATS FOR INFLATION. THE USUAL SIMPLISTIC CONNECTIONS ARE BEING MADE BETWEEN INCREASED PROFITS AND HIGHER PRICES. THE TRADITIONAL GAME OF TAKING PROFIT INCREASES OUT OF PERSPECTIVE IS ONCE AGAIN, AND NOT SURPRISINGLY, BEING PLAYED FOR POLITICAL GAIN. DEMANDS FOR ACTION, FOR CONTROLS, FOR RENEWED INTERFERENCE ONCE MORE ENGAGE THE ATTENTION OF THE HEADLINE WRITERS.

WHICH BRINGS ME TO WHAT I BELIEVE IS ONE OF THE KEY QUESTIONS OF THE DAY FOR BUSINESS: WILL WE LIE DOWN AND TAKE IT AGAIN, AS WE DID IN THE DAYS OF THE "CORPORATE WELFARE BUMS" CAMPAIGN? OR WILL WE ACT QUICKLY AND EFFECTIVELY TO EXPLAIN AND SUPPORT OUR POSITION AND, IN SO DOING, TO ENSURE THE CONTINUATION OF THE PRESENT ECONOMIC CLIMATE.

I SUBMIT TO YOU THAT WE STAND TO LOSE AGAIN BY DEFAULT IF WE CHOOSE TO REMAIN SILENT -- BUT THAT, IN THIS INSTANCE, WE WILL FORFEIT FAR MORE THAN A PUBLIC DEBATE. WE WILL LOSE THE PUBLIC CONFIDENCE AND SUPPORT THAT WE HAVE SO LONG SOUGHT, AND MAY SEE THE PENDULUM OF GOVERNMENT INTERVENTION SWING BACK ONCE AGAIN IN OUR DIRECTION.

SO FAR, WE HAVE BEEN FORTUNATE TO SEE A THOUGHTFUL REACTION BY SOME PARLIAMENTARIANS AND COLUMNISTS, WHO HAVE ENDEAVOURED TO PLACE THE PROFIT INCREASES IN PERSPECTIVE, AND TO

EXPLAIN THE REAL SIGNIFICANCE OF THE RECENT ENHANCEMENT IN INDUSTRIAL PROFITABILITY.

BUT PROFIT IS STILL AMONG THE MOST MISUNDERSTOOD WORDS IN THE CANADIAN VOCABULARY, AND WE HAVE A JOB TO DO.

FOR MY PART, IF I MAY BE PERMITTED TO SPEAK TO THE BROAD PUBLIC BEYOND THIS ROOM FOR A FEW MOMENTS, I WOULD LIKE TO NOTE A COUPLE OF MISLEADING HEADLINES THAT WE HAVE ALL BEEN READING RECENTLY.

THE FEBRUARY 7TH EDITION OF THE GLOBE AND MAIL SPORTED A FRONT PAGE STORY WHICH BEGAN AS FOLLOWS: "CANADIAN COMPANIES JACKED UP THEIR PRICES LAST YEAR AND INCREASED PROFITS 21% OVER A YEAR EARLIER, THE GOVERNMENT'S INFLATION MONITORING AGENCY SAID YESTERDAY...". ON FEBRUARY 22ND, THE MONTREAL GAZETTE CARRIED A FRONT PAGE HEADLINE STORY UNDER THE BANNER "PROFITS BOOM IN '78 FOR FOOD STORES AND INDUSTRY."

READING THOSE, ANYONE NOT FAMILIAR WITH BUSINESS AND THE BACKGROUND TO THE STORIES, OR WITH THE NATURE AND MEANING OF PROFITS, MIGHT WELL WONDER ABOUT THE STATE OF EVENTS. BUT THE HEADLINES, AND THE STORIES THAT FOLLOWED, CREATED A GROSSLY DISTORTED IMPRESSION OF THE SIGNIFICANCE OF WHAT HAD REALLY HAPPENED.

I WOULD URGE ANY READER OF HEADLINES SUCH AS THESE TO APPROACH THEM WITH A HEALTHY DOSE OF SKEPTICISM. AND I WOULD

SUGGEST THEY BE INTERPRETED IN THE LIGHT OF THE FACTS I AM ABOUT TO ENUMERATE.

FIRST, DOLLAR FIGURES ON PROFIT ARE MEANINGLESS IF THEY ARE NOT RELATED TO THE CAPITAL BASE NEEDED TO PRODUCE THEM. A PROFIT OF \$100,000 EARNED BY A SMALL BUSINESS MIGHT WELL REPRESENT A MUCH LARGER RETURN ON INVESTED CAPITAL THAN ONE MILLION DOLLARS EARNED BY A LARGE MANUFACTURER.

SECONDLY, PROFITS ARE NOT SIMPLY DIVIDED UP AND DISTRIBUTED TO THE OWNERS OF A COMPANY. THEY ARE NOT, AS MANY PEOPLE SEEM TO THINK, THE "PAY CHEQUE OF THE RICH." THE PROFITS PROVIDE THE MONEY FOR PAYING TAXES, BUILDING NEW FACTORIES, MODERNIZING OLD ONES, AND CREATING JOBS. ONLY A SMALL PORTION, GENERALLY IN THE AREA OF 25% OF AFTER-TAX PROFIT, FINDS ITS WAY TO THE SHAREHOLDERS. AND THESE ARE NOT SIMPLY A GROUP OF THE IDLE RICH. THEY CONSIST OF A MULTITUDE OF LARGE AND SMALL INVESTORS AND PENSION FUNDS AND OTHER INSTITUTIONS OF ALL TYPES AND SIZES IN WHICH WE ALL HAVE A PERSONAL STAKE OF ONE KIND OR ANOTHER.

THIRDLY, PROFITS RISE AND FALL. THEY FLUCTUATE. SO, IT IS MEANINGLESS TO MAKE SNAPSHOT COMPARISONS BETWEEN ONE YEAR AND THE NEXT. A THREE YEAR PERIOD IS THE ABSOLUTE MINIMUM FOR ANY RATIONAL EVALUATION OF A COMPANY'S PROFIT PICTURE -- AND INVESTORS USE FIVE YEARS AS AN ACCEPTED STANDARD JUDGMENT PERIOD.

FOURTHLY, READERS SHOULD BEAR IN MIND THAT THE ANTI-INFLATION BOARD AND MARKET CONDITIONS HAVE BOTH CONSPIRED IN RECENT YEARS TO KEEP PROFITS BELOW THE LEVEL NEEDED FOR THE WELL-BEING OF THE ECONOMY. IT SHOULD BE NEITHER A SURPRISE, NOR A CAUSE FOR CONCERN, THAT PROFITS HAVE IMPROVED; THEY ARE THE LIFE BLOOD OF THE MARKET SYSTEM, WHICH CAN SUFFER FROM ANEMIA JUST AS WE CAN.

FIFTHLY, A COMPANY THAT HAS INCREASED ITS PROFITS HAS NOT NECESSARILY INCREASED ITS PRICES. HIGHER PROFITS ARE JUST AS APT TO BE CAUSED BY IMPROVED PRODUCTIVITY, REDUCED COSTS, GREATER USE OF CAPACITY, AND SO ON. PROFITS ARE A MEASURE OF EFFECTIVENESS AND A REWARD FOR TAKING BUSINESS RISKS; THE PRICE AT WHICH A PRODUCT IS SOLD IS ONLY ONE OF MANY THINGS THAT DETERMINE PROFITABILITY.

AND FINALLY, THE AMOUNT OF PROFIT IN THE PRICES WE PAY IS SURPRISINGLY SMALL -- IN 1978, ONLY 3.8 CENTS IN EVERY DOLLAR. IF YOU TIP THE MAN WHO DELIVERS YOUR GROCERIES 50 CENTS ON A TOTAL ORDER WORTH \$20, CHANCES ARE HE IS MAKING MORE ON THE DEAL THAN THE STORE WHERE YOU BOUGHT THEM IN THE FIRST PLACE.

THE MAIN POINT TO BE TAKEN FROM ALL OF THIS IS THAT THE FIGURES MEAN LITTLE UNTIL WE TAKE THE TIME TO INTERPRET THEM. SOME POLITICIANS AND COMMENTATORS USE THEM FOR THEIR OWN PURPOSES -- THEY MAKE THEM APPEAR LARGER THAN THEY ARE IN AN ATTEMPT TO MANIPULATE PUBLIC OPINION. DON'T LET THEM DO IT TO YOU.

IT WOULD BE UNFAIR OF ME TO LEAVE THE IMPRESSION THAT BUSINESS ITSELF IS BLAMELESS IN THE MOST RECENT ROUND OF CONFUSION CONCERNING PROFITS.

A GOOD PART OF THE PROBLEM ORIGINATES IN THE WAY THAT COMPANIES USUALLY CHOOSE TO REPORT THEIR EARNINGS. THEY ARE, UNDERSTANDABLY, CONCERNED WITH ATTRACTING AND RETAINING SHAREHOLDERS -- AND SHAREHOLDERS ARE INTERESTED IN RECEIVING A FAIR RETURN ON THEIR INVESTMENT. SO THE FIGURES AND THE COMPARISON PERIODS ARE OFTEN SELECTED TO SHOW HOW WELL THE COMPANY HAS BEEN DOING. I FIRMLY BELIEVE THAT BUSINESSES SHOULD PROVIDE A BETTER PERSPECTIVE IN THEIR REPORTS -- NOT SIMPLY QUARTER-TO-QUARTER CHANGES, BUT ALSO A MEASUREMENT OF RETURN ON INVESTMENT AND COMPARISONS OVER LONGER TIME FRAMES.

NO DOUBT, THE CHANGE WOULD BE WELCOMED BY JOURNALISTS, EDITORS AND HEADLINE WRITERS ALIKE. IT COULD GO A LONG WAY TOWARDS IMPROVING THE PUBLIC'S UNDERSTANDING OF BUSINESS.

SO MUCH FOR PROFITS. RETURNING NOW TO MY MAIN THEME, AND LOOKING AHEAD TO THE 80'S, MY DISCUSSIONS WITH BUSINESSMEN IN ALL PARTS OF THE COUNTRY CONVINCED ME THAT THEIR MOOD IS CHANGING, BECOMING MORE POSITIVE, MORE AGGRESSIVE.

FAR-SIGHTED ENTREPRENEURS ARE ANXIOUS TO EXPLORE THE OPPORTUNITIES THAT THE NEW DECADE WILL OFFER. THEY POINT TO THE CHANGE IN THE DEMOGRAPHICS OF CANADA, TO OUR HIGH RATE OF CAPACITY UTILIZATION, TO THE COMPETITIVE VALUE OF OUR DOLLAR,

AND TO OUR COMFORTABLE ENERGY POSITION AND THE OUTLOOK FOR INVESTMENT IN ENERGY RESOURCE DEVELOPMENT. I SEE THOSE POSSIBILITIES, TOO, AND I THINK THAT THEY ARE WITHIN REACH.

WHETHER OR NOT WE MANAGE TO CAPITALIZE ON THESE POTENTIAL STRENGTHS WILL DEPEND, IN LARGE MEASURE, ON OUR ABILITY TO CORRECT THE EXCESSES OF THE 70'S AND TO BRING INFLATION UNDER CONTROL. WHILE I HAVE MENTIONED IT LITTLE IN MY REMARKS, INFLATION IS STILL OUR ECONOMIC PRIORITY. ITS PUZZLING TENACITY IS PERHAPS THE GREATEST THREAT TO OUR ABILITY TO GRASP THE POTENTIAL OF THE NEXT FEW YEARS.

EVEN SO, I AM CONVINCED WE STAND ON THE THRESHOLD OF AN EXCITING NEW DECADE, AND THAT THIS YEAR SHOWS CLEAR SIGNS OF PROVIDING THE SPRINGBOARD TO NEW POSSIBILITIES.

SUCCESS WILL DEPEND ON WHETHER WE SEIZE THE PRESENT OPPORTUNITY TO TAKE POSITIVE ACTION, AND TO BE SEEN TO BE RESPONDING IN A RESPONSIBLE FASHION. THAT, LADIES AND GENTLEMEN, IS A CHALLENGE WORTHY OF US ALL.