

Canada than in the United States. Whereas at the end of February the unemployment rate in that country stood at 8.3 per cent, Canada's rate of unemployment is not anticipated to exceed 7.5 per cent in the current year. So much for stability of employment in this country vis-à-vis other industrial areas at the present time.

As for industrial production to which the hon. member also made reference, I wonder if he is aware of the predictions by experts in the private sector that the real increase in the Gross National Product will be in the range of 5½ per cent. This compares with some 6 per cent being predicted in the United States; and experts for a long time had said that the recession in that country bottomed out long before it bottomed out in Canada.

● (1710)

While I am on this topic I suggest that it must be acknowledged that productivity in this country is still a real problem. Yet here again there is a clear indication that a low point has probably been reached, and improvement may be anticipated in this area in 1976.

The hon. member in his motion speaks of what he calls the failure of the government to encourage investment in industry. Is he aware—

**Mr. Whiteway:** The hon. member for York-Simcoe (Mr. Stevens) knows what he talks about.

**Mr. Martin:** Are hon. members opposite aware of the various tax incentives provided both federally and provincially to stimulate investment in new plants? Is the hon. member familiar with federal and provincial incentives to support and stimulate various industries establishing in the less well developed areas of the country? Is he familiar with the direct investment the government has made to prop up the teetering project known as Syncrude, in order that this vital undertaking may proceed? That it shall proceed is in the interest of the many industries associated with the project, and of the Canadian public in general.

Is the hon. member familiar with the incorporation of Petro-Canada, a corporation which alone will stimulate much new, essential investment by the private sector in various industries associated with the exploration for and development of new oil and gas resources? Does this constitute a failure to encourage investment?

As the hon. member well knows, stimulation of new industrial investment has been one of the cornerstones of the government's policies in the last 30 years and, undoubtedly, will so continue in the years ahead. Obviously one must do one's best to ensure that stimulation, when provided, is effective, both as to method and area of the economy selected for stimulation. The real problem in the immediate years ahead will be to find the tremendous sums of capital which industry will require. It will not be difficult, as the hon. member suggests, to stimulate investment. It will be difficult to find the capital which will be needed for investing. How right is the hon. member's thinking. Is he aware of just how much capital business in this nation needs? Does he know what the businessmen of this nation are saying? One wonders.

The hon. member wraps his argument in what I called a backward sweep. He condemned the government for per-

mitting a serious decline in our competitive position in international markets. Let us consider some aspects of this comment.

First, as the hon. member well knows, governments neither allow nor do not allow serious declines in competitive positions on international markets. The hon. member knows well the factors affecting the ups and downs of international trade. I am surprised that one with his business acumen should suggest, that the swings, up and down, occur mainly in response to specific acts of a national government. Perhaps he is referring to current difficulties having to do with the auto pact agreement which was entered into by Canada and the United States.

Let us look at this situation. Yes, we experienced a \$700 million trade deficit in our merchandise trade in 1975. The auto pact and trade in auto parts have had a great deal to do with this deficit. At present we are seeing, I suggest, a rationalization process in the United States designed to counteract, in part, substantial U.S. deficits which occurred under this agreement a few years ago. Yes, the swings are there. The point remains that the swings will remain, no matter what governments do. They are independent of specific government involvement.

Hon. members, including the hon. member for York-Simcoe, are familiar with the general decline in the rate of growth of industrial activity in most countries of the western world. Without doubt, high wage and salary settlements in Canada in the last few years have hurt us. The point to bear in mind is that all these are factors involved in the over-all operation of the economy. Certainly they do not arise from any specific government action. Actually, Mr. Speaker, because of the leadership shown by the government in introducing its anti-inflation policy, a policy which the hon. member for York-Simcoe does not support, Canada, generally, has come through this economic period in somewhat better shape than a number of other countries.

It is also predicted that our exports of raw materials and semi-processed goods will rise as the economies of other countries improve. In this regard we must consider both the value and the volume of exports. In my view we ought to be more concerned about the value of our exports, because a relatively small rise in volume in the export of certain valuable raw materials and semi-processed goods could significantly affect over-all values of exports.

The hon. member spoke of interest rates. As the Minister of Finance said, it is clear that the Bank of Canada acted as it did in recent days in order to keep the rate of monetary expansion within moderate limits. Surely this moderate increase in the money supply indicates an increase in economic activity in this country. There have been substantial increases in bank borrowings in the last several months. Borrowings are up about 15 per cent. Does the hon. member for York-Simcoe not agree that this clearly shows that our economy is fast being stimulated? The rise in rates is consistent with the professional opinion of the Governor of the Bank of Canada with regard to future trends. He, unlike the hon. member, is obviously able to see encouraging developments as they take place.

Allow me to make passing reference to housing. There was a big upswing in house building in the last half of