

market at a considerably greater rate than ever before, largely in response to the new job opportunities which are being created by an admitted rapidly expanding economy. There was a record increase in the labour force nationally of 4.4 per cent, for a total of 388,000. This was significantly higher than the previous peak increase of 3.9 per cent in 1957 and 1966. In the Atlantic provinces the growth in the labour force was considerably higher than the national rate at 6.3 per cent, leaving the level of unemployment there virtually unchanged.

● (2120)

In every other region unemployment levels declined. Nationally, the average rate of unemployment in 1973 declined to 5.6 per cent from an average of 6.3 per cent in 1972—admittedly still too high. No one wants unemployment, but no one can deny the buoyancy of our economy. No one can deny that the work force has increased to the extent that I have indicated, and the prospects for the economy in 1974 do not fit in with the pessimistic portrayal made by the Leader of the Opposition who, as I say, stated unequivocally and demonstrably his opposition to the present Government of Canada.

The growth in our exports, which last year increased at a post-war record rate of 22.3 per cent compared to 9.9 per cent in 1972, will be more moderate, admittedly, than was otherwise expected, because of slower growth in the economies of our major trading partners who are so dependent—much more than we are—on imported energy. But the prospects for 1974 certainly do not warrant the pessimistic view taken by the Leader of the Opposition.

The same is true of the prospects for capital investment. A substantial increase of capital investment in new productive facilities is needed to expand the output of equipment and material currently in short supply, and this is taking place.

Business capital investment in 1973 increased in real terms, after discounting price increases, by 11.7 per cent—more than four times that in 1972. Housing investments rose 20.9 per cent in value and 8.8 per cent in volume in 1973. A survey of 200 of the largest corporations published in November projects a 21 per cent increase in investment machinery and construction in 1974—a 46.5 per cent increase for manufacturing alone.

These figures which were given out by Statistics Canada a few weeks ago do not support the contention of the Leader of the Opposition in the vigorous and comprehensive speech he made tonight. He spoke of inflation—and one expected that he would speak of inflation—which is perhaps our most serious problem, but not a problem that is peculiar to us. Everyone in the world at the present time is the victim of inflation. It is one of our first concerns, and it is one of the great preoccupations of the government and of Canadians generally at the moment. It is a serious problem not only for developed countries like the United States, Great Britain, France and Canada, but also for the underdeveloped countries that are the beneficiaries of so much of our external aid.

What has the government done to try to meet the problem of distributing as fairly as possible the burdens of inflation? The Leader of the Opposition did not, I think, do himself justice tonight, because one would almost conclude from what he said that the government was not

concerned about the problem; that it had done little to try to provide even mitigation let alone something that might approach a solution. Well, here are some of the things it has done.

It has increased pensions and family allowances, and has tied both to the cost of living. If that was a suggestion made by the Leader of the Opposition in the other place, it does not destroy the validity of what the government has now done. Parties, no matter where they sit, whether they are on the government or on the opposition side, are expected to put forward good proposals, and a government which accepts good proposals put forward by opposition parties is only doing its duty—although I am not so sure that that was the suggestion of the Leader of the Opposition in the other place.

**Hon. Mr. Flynn:** Very subtle!

**Hon. Mr. Martin:** We have given subsidies to reduce increases in the price of bread and milk although, admittedly, there are indications today that there may be a rise of perhaps three cents, or whatever is proposed, by some bread companies.

The government has indexed personal income taxes. It has protected the domestic petroleum market from worldwide distortions. It has brought about a reduction in the price of many goods to the consumer through tariff and other trade policies.

The Prime Minister denies that the cost of labour has been the dominant factor in the present rise of prices. Certainly during the most recent period labour has not used its power to impose an unjust economic burden on the rest of the Canadian people.

The world economy, as I say, has felt the effect of this current rise in the cost of living. Whatever may have been our contribution to the cause of inflation, how could Canada possibly be immune from this worldwide economic situation when it is realized that more than one-fifth of our gross annual product comes from foreign trade? In comparison with other industrialized countries, our record has been a little better than the average during the past four years. Our dollar is strong. Our currency is sought after. This is a reflection of the strength of our economy.

Last week Statistics Canada published figures which show that the rate of real growth in 1973 in Canada was the highest in 17 years. Now surely that means something. Last year in Canada more jobs were created, as I showed a few moments ago, than at any time in our history.

There is no doubt that strong action—even stronger action, if you will, if this is available—against inflation has to be pursued along a wide front. We must continue to help pensioners and low-income families, the most vulnerable, in their fight against the effects of inflation.

The government will continue to apply selective measures intended to reduce the impact of inflation, if required. I mentioned the indexing of income taxes, the oil export tax, subsidies on certain consumer products such as milk and bread, and controls on exports of certain products. We must continue, admittedly, to take appropriate action to give the Canadian consumer an adequate, secure and reasonably priced supply of those commodities. This is certainly true of food and fuel, which we provide for both our domestic and foreign markets. We will have to contin-