

chances of final success. But the validity of the attempt has already been proven. The Prime Minister's initiative has given ordinary people all over the world and on both sides of the Iron Curtain a glimmer of hope at a time when there seems to be a mood of growing hopelessness over the nuclear issue and the threat of nuclear holocaust. He has at least established a foundation for the injection of high-level political willpower into the process of rebuilding confidence and negotiating arms limitation agreements. He has encouraged, indeed partially forced, the great powers, however unwillingly or reluctantly, to consider a concrete proposal for a five-power summit conference and specific measures of nuclear arms limitation despite their mutual rivalries and animosities.

There is a consistency that runs through the actions of Prime Minister Trudeau over the past twenty years. The opposition to the acquisition by Canada of nuclear-capable weapons systems, the negotiation of a non-nuclear role for Canada within NATO and the adoption of non-nuclear-capable weapons systems, the emphasis on the importance of the North-South dialogue, as well as his current initiative, have all been consequences of his efforts to promote peace.

But the international situation is very fragile. Just as a stone can derail a train, an incident like the Korean airline tragedy, or a war similar to the Falkland Islands conflict, where countries are forced to choose sides, or the present confrontation in Lebanon, could trigger the "Sarajevo" of the Third World War.

Let us hope that the Prime Minister's efforts will bring the great powers to the table reasonably soon in order that they may commence a dialogue which would lead them to a meaningful disarmament.

The other area that has intensely preoccupied Canadians is the economy, both at home and abroad. Economic progress is a crucial contributor to peace and stability. Canada will continue to maintain its commitment to overseas development aid and will increase such aid in the years to come.

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Canada, like most other countries, is just emerging from a particularly difficult period. For a variety of reasons, the world economy suffered a very severe recession in 1981. Canada suffered from that recession at least as much as, if not more than, most other industrialized nations because of its heavy reliance on foreign trade. However, our economy is now well on the way to recovery. Our medium-term prospects are at least as good as, if not better than, those of the majority of industrialized countries. While pessimists still abound, the projections of Canadian firms and international organizations that engage in forecasting are increasingly positive. It is expected that inflation will continue to decrease slightly, that economic growth will be renewed, and that unemployment will continue on its downward trend.

Since last December 353,000 new jobs have been created in the economy. Through the injection of close to \$5 billion in stimulus, the April 1983 recovery budget set in motion hundreds of needed capital projects across Canada and helped

make possible a return to much higher rates of private sector investment. But even with a strong recovery, the government believes that direct action to create jobs continues to be essential and young people are the priority. Therefore, a large portion of the government's job-creation expenditures will be devoted to unemployed youth, and these programs will be delivered more effectively. Using re-allocated and new resources, a \$1 billion Youth Opportunity Fund will assist young Canadians in acquiring new skills and in finding jobs in the private, voluntary and public sectors. In particular, substantial resources from this fund will be allotted to a career access program which encourages the private sector to provide work and training for those entering the work force for the first time. To intensify the government's efforts for young Canadians, a minister of state for youth will be appointed.

The federal government's leadership with its six-and-five program, in conjunction with the Bank of Canada's cautious monetary policy, has succeeded in halving the 10 per cent inflation that was affecting us in 1979. In October 1983, the inflation rate, as measured by the percentage change in the consumer price index from the same month the year previous, was 4.9 per cent. This was the lowest increase in consumer prices since the 4.7 per cent increase observed in August 1972. The inflation rate of food prices, which had reached 18 per cent annually in early 1979, is now in the order of 4 per cent. The prices of goods and services in general, which were increasing by 14 per cent in 1981, are now stabilized at an inflation rate of 5.2 per cent as of October 1983. Thus, one of the most positive developments in the Canadian economy in 1983 has been the success in the battle against inflation.

Another positive development in 1983 has been the lower interest rates that have prevailed on the Canadian capital markets. While a large number of people would have preferred that the government establish artificially low domestic interest rates, these people forget that the Canadian capital markets are closely linked to the international markets, especially the American capital market. Artificially low interest rates would have resulted in capital outflows from the Canadian economy and would have discouraged capital inflows into Canada. On the one hand, this would have jeopardized the current economic recovery and, on the other hand, it would have lowered the value of the Canadian dollar, which would have increased the costs of our imports and contributed to a refuelling of inflation. High inflation results in even higher interest rates, since money-lending institutions want to assure themselves of an adequate return over and above the rate of inflation on the money they lend. Therefore, the way to obtain consistently low rates of interest is to first lower inflation rates. The success obtained in the battle against inflation has thus enabled the monetary authorities to reduce interest rates to half their level of two years ago, to approximately the same level as those prevailing in the United States.

In the third quarter of 1983, the Canadian economy continued its path to recovery. The gross domestic product in constant 1971 dollars increased by 1.8 per cent, to \$119.4 billion from \$117.2 billion, in the second quarter. Since the