

These developments constitute a menace to all countries, and not least to Canada, given our dependence on international trade and investment. No country can long prosper in a world of unsettled international financial and trade arrangements. This is clearly a time for renewed co-operation and strenuous efforts by all countries to rebuild a viable international trade and payments system. Let me stress that Canada has been playing a full role in the broad international effort to achieve this objective.

This government came early to the conclusion that under the conditions of great uncertainty emerging in the world, floating exchange rates were appropriate. Indeed, Canada adopted this policy four years ago. This approach has now been widely adopted and seems in these troubled times to be serving us all well.

In the pursuit of international monetary reform, Canada has persistently urged that the discussions should concentrate on matters of immediate importance where progress is possible. Last January, this approach of making progress where we could was endorsed by world finance ministers at their meetings in Rome.

Canada has also urged, and will continue to urge, that the International Monetary Fund, the key international financial institution, be strengthened in order to play an increasing role in maintaining world monetary order. We support the proposal for a new council of the IMF, composed of ministers, to meet frequently to tackle directly the major international financial issues, especially world inflation.

On the trade side, we have been concerned, as the energy crisis emerged, that countries might individually take restrictive action to relieve their balance of payments deficits. I have stressed this danger at many international meetings. I therefore welcome and support the efforts being made in the Organization for Economic Co-operation and Development, and in the work begun at the Washington Energy Conference, to ensure that countries avoid beggar-thy-neighbour policies. Recent actions in Europe make it all the more urgent that we proceed with this initiative without delay. God and this House willing, I will be in Paris in two weeks' time to offer Canada's full co-operation in an appropriate pledge to avoid such destructive policies.

Looking further ahead, it is important that the Tokyo Round of trade negotiations proceed on schedule. We will need to address ourselves to removing unjustifiable trade barriers, improving the GATT rules governing international trade, and dealing effectively with problems of security of supply for key international commodities. If timely progress is to be made, it is critical that the United States take the required legislative action that will enable it to play its essential role in these negotiations.

All of these international efforts are especially vital to the poorer countries of the world. Many developing countries are in desperate straits because of the sudden escalation of oil prices. They need help, and they need it quickly. Canada supports the efforts of the IMF to establish a new lending facility to help countries, particularly the developing ones, to meet this major crisis. We have informed the Fund that Canada is prepared to lend to the Fund for this purpose under the authority of the Currency and Exchange Fund Act.

The Budget—Hon. John N. Turner

We are also revising and improving our own aid program to meet these new circumstances and new requirements. You will recall that in addition to our \$549 million already allocated to foreign aid for this year, the government has recently announced that an additional \$100 million will be made available this year in fast-disbursing forms of aid, mainly food and fertilizers.

In addition, the government, through the Estimates, is seeking parliamentary authority for the advance commitment of Canada's contribution to the Fourth Replenishment of the International Development Association. This Association is a subsidiary of the World Bank, specializing in the provision of low-interest and interest-free loans to the most needy countries.

● (2010)

[English]

THE CANADIAN ECONOMY

The shadows of international events have fallen less darkly on us than on others. The outlook for the Canadian economy is bright. Output, employment and income are all continuing to increase. I don't underestimate for one moment the plague of rising prices but even here we have been less afflicted than have other countries.

Ours is a diversified economy, capable of producing a wide range of primary products as well as manufactured goods. In particular, unlike other industrial countries, we are not on balance dependent on foreign supplies of energy, especially oil. In fact, we are a microcosm of the world as a whole in comprising both oil-producing and oil-consuming regions. But the strength of our federation has enabled us to avoid massive increases in oil prices. Such increases would have had disruptive effects on the level of output and employment as well as accelerating the rate of inflation. The agreement negotiated by the Prime Minister (Mr. Trudeau) with the provincial premiers on March 29 with regard to the price of oil, the export tax and the subsidy to eastern consumers struck a reasonable compromise and strengthened our national unity and purpose. We kept within bounds the increase in the price of oil to Canadian consumers. At the same time, substantial benefits are flowing to the oil-producing companies and the provinces in which they operate to encourage the development of new sources of supply.

In my last budget, I predicted that in 1973 the real growth of the economy would amount to 7 per cent. This was derided by the opposition as wildly optimistic. In fact, we achieved 7.1 per cent, the largest increase in 17 years and, Japan aside, the highest in the industrial world. My first priority has been the creation of permanent satisfying jobs for our rapidly growing labour force, to ensure that those who want work and need work can find it. In 1973, there were 430,000 more Canadians at work than a year earlier. The expansion in employment was 5.2 per cent, a record achievement for Canada by a substantial margin, and the fastest rate of increase among the industrial nations.

Mr. Speaker, I take particular satisfaction from the fact that over one-third of this increase occurred in manufacturing and construction. Manufacturing employment alone rose by 111,000 or 6 per cent, after many years during which it had been almost static. Some of this achievement