

The Address—Hon. J. N. Turner

It aimed at bringing about greater social justice by alleviating the immediate financial burden of pensioners, of the blind and the disabled, of students, and of all those who are faced with heavy medical expenses. It contributed to the strengthening of our economic structure at medium and long term, improving the competitive position at home and abroad in our highly important manufacturing and processing field in order to supply our rapidly expanding labour force with an increasing number of productive jobs directly, or indirectly in service firms.

The last parliament approved the proposals embodied in the budget in view of increasing the guaranteed income supplement of pensioners and allowing for subsequent increases of this supplement and of benefits under the old-age security and veterans allowances plans in order to fully compensate for increases in the cost of living since the beginning of 1972.

As of January last, the total amount for old age security pension and maximum income supplement went from \$135 to \$150 a month for single people, and \$255 to \$285 for married couples. As a result of the cost of living adjustment provided for by the act, the old age security pension will go up to \$86.61 from \$82.88 in coming April. Together, the old age security income pension and maximum guaranteed income supplement will go up from \$150 to \$156.75 a month for single people and \$285 to \$297.82 for a couple.

It is imperative that the House approve as soon as possible the financial measures contained in last May's budget so that the taxpayers can know where they stand.

[English]

As I indicated at that time, the corporate measures included in the budget represent a first major step in the development of a coherent set of new industrial policies for Canada—and there are other steps contained in the throne speech which will be expanded upon before this House by my colleague the Minister of Industry, Trade and Commerce (Mr. Gillespie)—to strengthen the foundations of our economy and its job-creating capacity. While the pace of employment growth in Canada for several years has far exceeded that of any other industrial nation in the world, it is clear that we must create new job opportunities at a still faster rate to deal with the problem of unemployment. To contribute further to the strength of our economy, the Speech from the Throne outlines a number of other measures that are planned by the government to bring about basic structural changes that are required to increase the efficiency and competitiveness of Canadian industry. Hon. members will recall that in the budget speech last May, I expressed my belief that the economy would continue to grow strongly during 1972 under the stimulus of expansionary fiscal and monetary policies at home and of accelerating economic growth abroad. This was my forecast then; this was a forecast shared by the Institute of Quantitative Analysis at the University of Toronto and shared by virtually every forecaster in the country from labour, management and the universities.

[Mr. Turner (Ottawa-Carleton).]

• (1550)

During the first half of 1972, the economy grew very strongly indeed. Real national input increased at an annual rate of 6.1 per cent, and in the second quarter alone it rose at an annual rate of 8.3 per cent. Employment expanded sharply during the first six months and unemployment was on a downward trend. As I indicated previously, Canada's price performance matched that of the United States and was better than that of any other major industrial country.

It is now evident, based on data which came to hand well after the events, that the economy suffered a setback during the third quarter. What was the nature of that setback? In my judgment, and this seems to be confirmed by nearly everybody, the cause was temporary and the result of a series of unforeseeable and uncontrollable developments at home and abroad, unforeseeable even by forecasters.

An outburst of strikes both at home and abroad crippled production in a number of important Canadian industries and hampered exports of many commodities. During the five month period from April to August, the number of man days lost as a result of domestic industrial disputes came to more than 5,750,000. This was more than twice the total amount of time lost through strikes in the whole of the previous year and, in fact, was also greater than the total for all but two of the 11 years before that. Frost and heavy rain in different parts of the country drastically reduced the production of a number of crops, which in turn had an adverse impact on employment in agriculture and in the food processing industries.

Mr. Stanfield: Too much "snow" in the election campaign.

Mr. Turner (Ottawa-Carleton): In August, for example, agricultural employment was down 54,000 from the level of a year ago. If agricultural employment had been maintained at the same level as in 1971, actual unemployment in August would have been 10 per cent less and the rate of unemployment would have fallen to 4.9 per cent from 5.4 per cent. In addition to the adverse impact on production and employment, the poor weather also seriously aggravated the price problem already confronting us as a result of the worldwide upsurge in food costs and a shortage in a number of food supplies. Primarily as a result of these factors, the growth of employment in the third quarter was seriously retarded, unemployment climbed sharply upwards, our trade balance deteriorated, and there was a levelling off in real national output from the high level reached in the previous quarter.

The setback suffered by the economy during the summer months had serious consequences in terms of rising unemployment and prices. As I said before, however, all the evidence indicates that the slowdown was the result of special and temporary factors rather than of any underlying weakness in the economy. But it has forced the government to readjust its fiscal stance. That is reflected in the additional winter employment measures that were announced during the course of the fall. It is also reflected in the urgent tone of the throne speech, and it will be reflected also in the budget which I hope to introduce at an early opportunity.