



REMARKS BY
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PREMIER OF ONTARIO

ROYAL YORK HOTEL, TORONTO
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CANADIAN CLUB LUNCHEON

AS 1973 DRAWS TO AN END, I THOUGHT THIS MIGHT BE AN APPROPRIATE OCCASION TO REVIEW SOME OF THE THINGS THAT THE PROVINCIAL GOVERNMENT HAS ACCOMPLISHED OR SET IN MOTION OVER THE PAST YEAR, AS WELL AS OFFER A FEW PERSONAL OBSERVATIONS ON EVENTS THAT, WHILE NATIONAL AND INTERNATIONAL IN SCOPE, NONETHELESS HAVE SIGNIFICANCE FOR THOSE OF US WHO LIVE IN ONTARIO.

DURING THE COURSE OF THE CURRENT SESSION OF THE LEGISLATURE, WHICH WILL END SOMETIME THIS WEEK, MORE THAN 150 PIECES OF LEGISLATION HAVE BEEN PASSED -- SOME OF THEM HOUSEKEEPING OR MINOR CHANGES IN EXISTING GOVERNMENT PROGRAMS, SOME OF THEM PIONEERING -- ALL OF THEM A TOPIC OF DEBATE. THERE HAS BEEN DEBATE, ALSO, BOTH IN THE LEGISLATURE AND IN OTHER FORUMS, OVER MANY OF THE PROGRAMS AND POLICY DIRECTIONS ANNOUNCED BY THE GOVERNMENT DURING THE COURSE OF THE YEAR THAT IS ABOUT TO END.

I KNOW THAT ALL OF YOU ARE AWARE OF SOME OF THE THINGS THE GOVERNMENT HAS PROPOSED AND WHICH THE LEGISLATURE HAS PASSED, BUT THERE ARE OTHERS THAT MAY HAVE ELUDED YOU -- SIMPLY BECAUSE THEY DO NOTHING FOR YOU, OR, AS IS SOMETIMES THE CASE, THEY DO NOTHING TO YOU.

AS YOU KNOW, SOME GOVERNMENT PROGRAMS HAVE UNIVERSAL APPLICATION -- I THINK HERE, FOR EXAMPLE, OF HOSPITAL AND MEDICAL CARE INSURANCE -- AND SINCE THESE PROGRAMS INVARIABLY PROVIDE PROTECTION AND ASSISTANCE TO ALL OR NEARLY ALL OF THE POPULATION, PEOPLE ARE AWARE OF THEM AND IN FAVOUR OF THEM.

OTHER PROGRAMS, HOWEVER, ARE BY NO MEANS UNIVERSAL -- AND DELIBERATELY SO, CHIEFLY BECAUSE IT IS IN KEEPING WITH MY STATED BELIEF, WHEN I BECAME LEADER OF THIS GOVERNMENT NEARLY TWO YEARS AGO, THAT WE SHOULD GET BACK TO THE DIFFICULT JOB OF LOOKING AT INDIVIDUAL PROBLEMS OF SPECIFIC GROUPS OF PEOPLE, AND DEALING WITH THEM ON A SELECTIVE BASIS WITH MAXIMUM EFFECTIVENESS AND MINIMUM COST.

THIS IS PARTICULARLY IMPORTANT AT A TIME WHEN THE DEMAND FOR SERVICES THAT THE PROVINCE HAS THE RESPONSIBILITY OF PROVIDING IS GROWING AT A RATE IN EXCESS OF THE TAX REVENUES WE HAVE COMING IN. THERE IS A SOLUTION TO THIS, OF COURSE -- A SOLUTION THAT ONTARIO HAS BEEN PERSISTENTLY ADVOCATING AT FEDERAL-PROVINCIAL MEETINGS -- AND I INTEND TO BRIEFLY RESTATE THAT SOLUTION A LITTLE LATER ON IN MY REMARKS.

FOR THE MOMENT, HOWEVER, I WANT TO STRESS THAT WHERE MONEY CAN HELP SOLVE A PROBLEM, AND WHEN THERE'S ONLY SO MUCH MONEY AVAILABLE, THEN IT IS GOVERNMENT'S DUTY TO SET THAT PARTICULAR PROBLEM IN ITS PROPER PLACE ON THE SCALE OF OVERALL PRIORITIES. IN OTHER WORDS, SHOULD THAT PROBLEM BE AT THE TOP OF THE SCALE, IN THE MIDDLE, OR NEAR THE BOTTOM?

BECAUSE, QUITE FRANKLY, UNTIL THERE IS A BETTER UNDERSTANDING BY OTTAWA OF PROVINCIAL NEEDS AND RESPONSIBILITIES, OR UNTIL WE HAVE THE CONSTITUTIONAL RIGHT TO PRINT OUR OWN MONEY HERE IN ONTARIO, THERE IS NO OTHER WAY OF GOING ABOUT THE BUSINESS OF GOVERNING, CERTAINLY NOT IN OUR INCREASINGLY URBANIZED AND INTERDEPENDENT SOCIETY.

AS I SAY, NOT ALL OF YOU WOULD BE AWARE OF SOME OF OUR PROGRAMS OR THE POLICY INITIATIVES WE HAVE TAKEN.

BUT IF YOU WERE A SENIOR CITIZEN YOU WOULD BE AWARE OF INCREASES IN COMFORT ALLOWANCES AND THE BENEFIT YOU WILL RECEIVE THROUGH THE INCOME TAX SYSTEM EARLY NEXT YEAR AS A RESULT OF THE GOVERNMENT REPLACING SUPPLEMENTARY GRANTS WITH A \$100 PENSIONER TAX CREDIT, AT A COST OF \$40 MILLION A YEAR, TWICE THE AMOUNT ALLOCATED IN 1972, ALONG WITH NEW PROPERTY AND SALES TAX CREDITS -- ALL THREE OF WHICH, YOU, IF YOU WERE A SENIOR CITIZEN, YOU WILL BE ABLE TO CLAIM.

AGAIN, YOU COULD BE ONE OF THE 12,000 PERSONS REGARDED AS PERMANENTLY UNEMPLOYABLE WHOSE LOT HAS BEEN IMPROVED AS A RESULT OF BEING TRANSFERRED FROM GENERAL WELFARE ASSISTANCE TO THE FAMILY BENEFITS PROGRAM, AND YOU WOULD BE AWARE OF THE 5 PER CENT INCREASE IN FAMILY BENEFIT AND GENERAL WELFARE ALLOWANCES.

PERHAPS YOU COULD BE ONE OF THE MANY PEOPLE ENTITLED TO WORKMEN'S COMPENSATION BENEFITS. IF SO, THEN YOU WOULD BE AWARE OF THE REVISED BENEFITS THAT WERE APPROVED THIS YEAR BY THE LEGISLATURE, INCLUDING THE INCREASE IN THE MINIMUM PENSION FOR PERSONAL TOTAL DISABILITY FROM \$175 TO \$250 A MONTH, ALONG WITH HIGHER BENEFITS FOR WIDOWS AND DEPENDENTS, AND HIGHER CEILINGS FOR COMPENSATION ELEGIBILITY.

IF YOU WERE ONE OF THE HUNDREDS OF RESIDENTS ALONG THE SHORES OF THE GREAT LAKES EARLY LAST SPRING, YOU WOULD KNOW ALL ABOUT THE HARDSHIPS EXPERIENCED AS THE RESULT OF EXCEEDINGLY HIGH WATER LEVELS, AS WELL AS ICE AND EROSION DAMAGE.

IF SO, YOU WOULD ALSO BE AWARE OF THE PROVINCE'S \$50 MILLION PROGRAM ENABLING MUNICIPALITIES TO MAKE DIRECT LOANS TO PROPERTY OWNERS FOR REPAIRS TO DAMAGED SHORE PROPERTY AND BUILDINGS.

IF, TO CITE ANOTHER EXAMPLE, YOU WERE AN INDEPENDENT FARMER, YOU WOULD BE AWARE OF THE PROVISION CONTAINED IN THE LAST PROVINCIAL BUDGET CONCERNING THE ABOLITION OF SUCCESSION DUTIES ON ALL FAMILY FARM UNITS THAT REMAIN WITH A FAMILY AND CONTINUE TO BE USED FOR FARMING. OUR FARM TAX REBATE PROGRAM NOW MAKES FARMERS VIRTUALLY EXEMPT FROM TAXES ON THE LAND PORTION OF THEIR ASSESSMENTS BY INCREASING REBATES FROM 25 PER CENT TO 50 PER CENT OF THE MUNICIPAL TAX BILL.

MORE GENERALLY, AS THE RESIDENT OF A MUNICIPALITY WHO, ONE WAY OR THE OTHER, HAS TO PAY MUNICIPAL TAXES, YOU MIGHT CONCEIVABLY BE AWARE THAT IN LAST SPRING'S PROVINCIAL BUDGET GRANTS TO MUNICIPALITIES WERE INCREASED BY THE UNPRECEDENTED AMOUNT OF \$400 MILLION, TO \$2.4 BILLION.

THIS AMOUNT IS EQUIVALENT TO 90 PER CENT OF THE PROVINCE'S TOTAL REVENUES FROM PROVINCIAL INCOME AND SALES TAXES, AND THESE STEPS HAVE BEEN EFFECTIVE IN REDUCING THE UPWARD PRESSURES ON PROPERTY TAXES ACROSS ONTARIO AND IN GENERALLY STRENGTHENING OUR MUNICIPALITIES.

THESE, AND MANY OTHER THINGS I COULD MENTION IF TIME PERMITTED, ARE THE GRIST OF WHAT GOVERNMENT HAS TO ACCOMPLISH DAY BY DAY IF WE ARE TO MAINTAIN AND IMPROVE THE LIVES OF THE MANY SEGMENTS OF THE PEOPLE WHO MAKE UP OUR SOCIETY.

THESE ACCOMPLISHMENTS MAKE HEADLINES, THOUGH THEY SELDOM MAKE BIG HEADLINES -- FOR AS WAS ONCE SAID IN ANOTHER CONNECTION, GOOD GOVERNMENT INVARIABLY MAKES FOR DULL GOVERNMENT, AT LEAST AS THE MEDIA PERCEIVES IT.

I FIND IT DIFFICULT TO CRITICIZE THE MEDIA FOR THIS, BECAUSE AS A PRACTICAL AND PRACTISING POLITICIAN I KNOW THAT CONFRONTATION AND CRITICISM, TO SAY NOTHING OF OCCASIONALLY BIZARRE BEHAVIOUR IN A PUBLIC PLACE, IS AS MUCH A PART OF POLITICS AS IS THE NEED FOR THE MEDIA TO FEAST UPON THESE ELEMENTS OF THE POLITICAL PROCESS.

TO A NEWSPAPERMAN, BAD NEWS HAS TRADITIONALLY MADE FOR GOOD NEWS, OR AT LEAST BIG NEWS, AND THE SAME MAXIM, I'M SURE, APPLIES NOWADAYS TO MEMBERS OF THE ELECTRONIC MEDIA. FRANKLY, NEVER HAVING WORKED AS A JOURNALIST, I'M NOT IN A POSITION TO QUARREL OR ARGUE WITH THAT ADAGE ON A PROFESSIONAL LEVEL, AND AS A POLITICIAN I'M CERTAINLY NOT IN A POSITION TO CHANGE IT.

BUT AS I'VE SAID ON OTHER OCCASIONS, I GET THE IMPRESSION THAT CERTAIN ELEMENTS OF THE MEDIA HAVE CAST THEMSELVES IN THE ROLE NORMALLY OCCUPIED BY ELECTED MEMBERS OF THE OPPOSITION PARTIES. I HAVE NO QUARREL WITH THAT, EITHER, THOUGH I DO THINK THAT AT SOME STAGE THEY SHOULD ASK THEMSELVES WHY THEY'VE SEEN THIS AS BEING A NECESSARY STEP.

IS IT BECAUSE OF THE MAJORITY THAT THE GOVERNMENT RECEIVED IN THE LAST PROVINCIAL ELECTION, OR IS IT BECAUSE OF A WEAKNESS THEY PERCEIVE IN THE QUALITY OF THE OPPOSITION IN THE LEGISLATURE. AND SHOULD THE ANSWER BE THE LATTER, THEN I WOULD HAVE TO SAY THAT I HAVEN'T READ OR HEARD OR SEEN TOO MUCH ABOUT IT.

IN ANY EVENT, THE MEDIA HAVE DONE AN EXCELLENT JOB IN COVERING SOME OF THE MORE DRAMATIC AND PIONEERING INITIATIVES THAT THE GOVERNMENT HAS TAKEN THIS YEAR AND IN PROVIDING A FORUM FOR THOSE WHO CHOOSE TO DISAGREE WITH OUR POLICIES OR AT LEAST QUESTION THEM.

A LOT OF INK FLOWED AS THE RESULT OF THE GOVERNMENT'S UNAVOIDABLE DECISION TO REFORM LOCAL GOVERNMENT STRUCTURES. I SAY "UNAVOIDABLE" BECAUSE IF CERTAIN PARTS OF ONTARIO ARE TO DEVELOP IN AN ORDERLY FASHION, STRENGTHENING THEIR ESSENTIAL SERVICES AND PRESERVING THEIR IDENTITIES IN APPEARANCE IF NOT ALWAYS IN NAME, THEN SOMETHING HAD TO BE DONE NOW, AND THE GOVERNMENT HAD TO DO IT.

I CAN ASSURE YOU THAT THIS WAS NOT ONE OF THE EASIER POLITICAL DECISIONS TO MAKE. EMBRACING THE STATUS QUO WOULD HAVE BEEN THE FAR MORE COMFORTABLE POSITION TO TAKE, BUT I DON'T THINK THAT ANY RESPONSIBLE GOVERNMENT OR GOVERNMENT LEADER IN THIS PROVINCE IN THIS DECADE CAN OPERATE ON THE THEORY THAT "IF YOU GO ALONG YOU GET ALONG". TO DO THAT IS TO MERELY BUILD UP AN INHERITANCE OF CHAOS FOR FUTURE GENERATIONS, AND TO BE SO IDENTIFIED BY HISTORY AS THE PERSON OR PERSONS RESPONSIBLE.

So, AFTER A LOT OF DEBATE AND CONSULTATION THAT INVOLVED A LITTLE BIT OF GIVE AND A LITTLE BIT OF TAKE, LEGISLATION WAS PASSED ESTABLISHING FOUR NEW TWO-TIER REGIONAL MUNICIPALITIES EAST AND WEST OF METROPOLITAN TORONTO, THEREBY ESTABLISHING THE FRAMEWORK FOR AN ORDERLY AND VIABLE FUTURE FOR THE REGIONS INVOLVED.

THERE IS ANOTHER VITAL AND SOMEWHAT CONTROVERSIAL ELEMENT TO ALL OF THIS, AND THAT IS THE QUESTION OF LAND USE. AS STATED IN THE SPEECH FROM THE THRONE IN MARCH OF THIS YEAR, THE GOVERNMENT REGARDS THE DEVELOPMENT AND IMPLEMENTATION OF LAND USE POLICIES AS ABSOLUTELY ESSENTIAL IF URBAN SPRAWL AND ITS ATTENDENT PROBLEMS ARE TO BE CHECKED AND CONTAINED.

ACCORDINGLY, THE GOVERNMENT INTRODUCED A NEW ONTARIO PLANNING AND DEVELOPMENT ACT WHICH MAKES PROVISION FOR DEVELOPMENT PLANNING TO ACHIEVE THIS GOAL AND IN CONTAINING CONSULTATION WITH LOCAL GOVERNMENTS. THE ACT ALSO PROVIDES SCOPE FOR REGULAR REVIEWS OF DEVELOPMENT PROPOSALS THROUGH PUBLIC HEARINGS AND OTHER REPRESENTATIONS.

IN LINE WITH THIS, LEGISLATION WAS ALSO INTRODUCED TO PRESERVE ONE OF OUR NATURAL AND MOST SCENIC ASSETS -- THE NIAGARA ESCARPMENT -- AS WELL AS LEGISLATION THAT WILL ESTABLISH A PARKWAY BELT AROUND METROPOLITAN TORONTO. THESE ARE PIONEERING STEPS AND I'M SURE THAT EVERYONE AGREES WITH THEIR NECESSITY IN PRINCIPLE.

ON THE INDIVIDUAL LEVEL, HOWEVER, ON THE VERY PERSONAL LEVEL OF DETERMINING WHAT YOU CAN OR CANNOT DO WITH YOUR LAND OR PROPERTY, AND WHAT COMPENSATION YOU SHOULD GET SHOULD YOU DECIDE TO SELL IT OR SHOULD IT BE EXPROPRIATED, THE MATTER BECOMES VERY COMPLEX AND CAN BECOME VERY EMOTIONAL.

SINCE SOME OF YOU IN THIS AUDIENCE MAY HAVE AN INTEREST IN THIS, I WOULD LIKE TO OUTLINE THE PROBABLE APPROACH THE GOVERNMENT WILL TAKE TO THE MATTER OF LAND COMPENSATION AS IT APPLIES TO THE PARKWAY BELT PROGRAM.

WHERE LAND IS NOW ZONED FOR A PURPOSE HIGHER THAN IS PERMITTED UNDER THE DEVELOPMENT PLAN FOR THE PARKWAY BELT, BUT IS NOT YET DEVELOPED, NO DEVELOPMENT INCONSISTENT WITH THE PLAN WILL BE ALLOWED ON THAT LAND. THIS IS OFTEN TERMED AS "DOWNZONING".

LEGAL ADVICE TO THE GOVERNMENT RECOMMENDS THAT COMPENSATION FOR SO-CALLED DOWNZONING NOT BE PAID. THE LAW RESPECTING MUNICIPAL ZONING DOES NOT PROVIDE FOR SUCH COMPENSATION AND THE NEW PROVINCIAL STATUTE DOES NOT ALTER THAT LAW.

IN INSTANCES WHERE LAND IS NOW ZONED FOR A HIGHER PURPOSE THAN IS PROVIDED FOR IN THE PARKWAY BELT DEVELOPMENT PLAN AND IS NOW DEVELOPED OR PARTIALLY DEVELOPED, THAT USE WILL CONTINUE TO BE PERMITTED AS A NON-CONFORMING USE, ALONG THE LINES OF THE PRINCIPLES AND PRACTICES USED AT THE MUNICIPAL LEVEL.

COMPENSATION FOR ANY LAND DESIGNATED TO BE PURCHASED IS TO BE BASED ON THE MARKET VALUE OF THE LAND, AS OF JUNE 4, 1973. THIS MEANS COMPENSATION OF LAND TO BE PURCHASED IS BASED ON "MARKET VALUE", INCLUDING DEVELOPMENT EXPECTATIONS IN THE LIGHT OF THE ZONING AT THAT TIME.

THE JUSTIFICATION FOR NOT PURCHASING ALL OF THE LAND IN THE PARKWAY BELT, AND THUS HAVING IT FELT BY SOME PEOPLE THAT THEY ARE NOT BEING TREATED AS FAIRLY AS OTHERS -- IN THAT THEY DON'T HAVE THE OPTION OF SELLING THEIR LAND AT THE "GOING MARKET VALUE" AS OF JUNE 4, 1973 -- IS THAT THE PROVINCE IS NOT TAKING AWAY A "RIGHT," AS IT WERE, FROM THE PRESENT OWNERS OR TREATING THEM ANY DIFFERENTLY THAN IS THE SITUATION UNDER PRESENT MUNICIPAL ZONING AND OFFICIAL PLAN PRACTICES.

THOSE OWNERS WILL CONTINUE TO HAVE THE RIGHT TO USE THEIR LAND OR PROPERTY, INCLUDING THE RIGHT TO SELL IT, FOR PURPOSES COMPATIBLE WITH THE PARKWAY BELT.

AND PRIOR TO THE FINAL APPROVAL OF THE DEVELOPMENT PLAN FOR THE PARKWAY BELT, HEARING OFFICERS WILL SIT DOWN WITH ALL INTERESTED PARTIES BEFORE OFFERING A REPORT TO THE GOVERNMENT FOR ITS CONSIDERATION.

ALL I CAN SAY BEFORE LEAVING THIS TOPIC IS THAT IF URBAN SPRAWL IS TO BE CONTAINED, LAND USE PLANNING IS NECESSARY -- AND WITH THAT COMES THE QUESTION OF LAND COMPENSATION, WHICH I BELIEVE WE ARE GOING ABOUT IN AS ORDERLY AND EQUITABLE A WAY AS POSSIBLE.

EARLY IN MY REMARKS, I MENTIONED THAT THE DEMAND ON THE PROVINCIAL GOVERNMENT AND ON ONTARIO MUNICIPALITIES FOR SERVICES IS OUTPACING THE TAX REVENUES WE HAVE TO MEET ALL OF THESE PRESSURES, AND THAT ONTARIO HAS BEEN PERSISTENTLY ADVOCATING A SOLUTION AT FEDERAL-PROVINCIAL MEETINGS.

THE SOLUTION, STATED AS SIMPLY AS POSSIBLE, IS FOR THE FEDERAL GOVERNMENT TO SHARE A FAR GREATER PROPORTION OF ITS TAX WEALTH WITH THE PROVINCES -- BECAUSE, BELIEVE ME, IT'S GOT THE MONEY. WE, ON THE OTHER HAND, HAVE THE RESPONSIBILITIES FOR PROVIDING THE SERVICES THAT ALL OF US, AS TAXPAYERS, ARE DEMANDING AND ARE IN INCREASING NEED OF IN THE 1970'S.

IN THIS CONNECTION, I THINK I SHOULD POINT OUT TO YOU THAT DURING THE PAST FOUR YEARS ONTARIO HAS CARRIED A LARGER RELATIVE DEFICIT BURDEN THAN THE GOVERNMENT OF CANADA, DESPITE THE LATTER'S SUPERIOR TAX BASE AND BORROWING CAPACITY, AND WE HAVE DONE THIS IN ORDER TO STIMULATE ONTARIO'S ECONOMY AND TO TRANSFER FUNDS TO LOCAL GOVERNMENT.

QUITE FRANKLY, WE IN ONTARIO CANNOT CONTINUE TO SHOULDER THIS UNFAIR SHARE OF THE DEFICIT BURDEN AND WE'VE REPEATEDLY CALLED UPON THE FEDERAL GOVERNMENT TO RECONGNIZE THIS FACT. FEDERAL TAX SHARING WITH ONTARIO MUST BE INCREASED AND WE, IN TURN, HAVE STATED THAT ANY INCREASES FOR THE MUNICIPALITIES WILL BE DELIVERED, DOLLAR FOR DOLLAR, TO THE MUNICIPALITIES.

MEANWHILE, IN TERMS OF STIMULATING THE ONTARIO ECONOMY, WE HAVE BEEN SUCCESSFUL. THROUGHOUT THIS YEAR, THE ECONOMY OF THE PROVINCE HAS SHOWN GREAT STRENGTH, AND OUR CAPACITY TO PROVIDE EMPLOYMENT DESPITE A RAPIDLY GROWING LABOUR FORCE IS REVEALED IN A SHARP DECLINE IN THE PROVINCIAL UNEMPLOYMENT RATE TO ABOUT 4 PER CENT AVERAGE FOR THIS YEAR FROM ABOUT 4.8 PER CENT LAST YEAR.

SIMILARLY THE NATIONAL ECONOMY HAS EXHIBITED A REMARKABLE GROWTH, AND THIS HAS BEEN REFLECTED IN THE RISING PERSONAL INCOMES OF CANADIANS. WHEN THE FINAL FIGURES ARE IN FOR THIS YEAR, TOTAL SPENDABLE INCOMES OF INDIVIDUALS WILL SHOW AN INCREASE IN EXCESS OF 12 PER CENT OVER 1972 AND CONSUMER SPENDING WILL REVEAL SIMILAR GROWTH.

MORE GOOD NEWS IS THAT THE PRIVATE BUSINESS SECTOR HAS BEEN EXPANDING PRODUCTIVE CAPACITY TO MEET THE BUOYANT DEMAND FOR ALL KINDS OF GOODS AND SERVICES. PRIVATE INVESTMENT IN PLANT AND EQUIPMENT, THIS YEAR, WILL ON THE EVIDENCE AVAILABLE SO FAR, EXCEED LAST YEAR'S BY SOME 15 PER CENT.

AS YOU KNOW, THE MAJOR PROBLEM THAT WE HAVE ALL HAD TO COPE WITH THIS YEAR HAS BEEN INFLATION. WHILE THE CAUSES OF INFLATION ARE EXTREMELY COMPLEX, IT SEEMS SAFE TO CLAIM THAT SOME OF THE MAIN FACTORS INVOLVED RELATE TO THE COINCIDENTAL BOOM IN MOST INDUSTRIAL COUNTRIES, INTERNATIONAL MONETARY REALIGNMENT, POOR AGRICULTURAL HARVESTS AROUND THE WORLD, AND, MORE LATTERLY, THE SITUATION IN THE MIDDLE EAST.

BECAUSE OF OUR RESOURCE WEALTH IN CANADA, OUR TRADING PARTNERS HAVE PLACED HUGE DEMANDS UPON OUR PRIMARY INDUSTRIES TO PROVIDE MATERIAL FOR THEIR OWN PRODUCTION PROCESSES. SO, WHILE OUR ECONOMIC LINKS WITH THE WORLD HAVE ENABLED US TO SHARE THE BENEFITS OF WORLD AFFLUENCE, AT LEAST IN THE INDUSTRIALIZED COUNTRIES, THESE LINKS HAVE ALSO DRAWN US INTO THE INTERNATIONAL INFLATIONARY SPHERE.

ONE OF MY CHIEF CONCERNS AS WE APPROACH THE BEGINNING OF 1974 IS THE EFFECT THE ENERGY CRISIS WILL HAVE ON THE ECONOMY OF CANADA GENERALLY AND ON THE ECONOMY OF ONTARIO IN PARTICULAR.

THE REDUCTION IN MID-EAST OIL SUPPLIES TO JAPAN, EUROPE AND THE UNITED STATES IS EXPECTED TO CREATE, DIRECTLY, SHORTAGES OF ENERGY AND CRUDE OIL DERIVATIVES, AND, INDIRECTLY, SHORTAGES OF NUMEROUS GOODS AS WORLD INDUSTRIAL PRODUCTION SLOWS DOWN, AND THE LATTER EVENTUALITY MAY -- IN AN ODD SORT OF WAY -- BE A SOURCE OF SOME OPTIMISM FOR ONTARIO INDUSTRY, WHICH I SHALL GET TO IN A MINUTE OR SO.

NONETHELESS, IN LIGHT OF THE WORLD SITUATION, CANADA IS LIKELY TO BE AFFECTED IN SEVERAL WAYS.

FIRST, PRICES OF IMPORTED GOODS COULD RISE. SECOND, EASTERN CANADA IS EXPECTED TO EXPERIENCE SOME DIFFICULTY IN MEETING ITS ENERGY REQUIREMENT AND INDUSTRIAL PRODUCTION THERE COULD BE SLOWED DOWN SOMEWHAT. THIRD, CANADIAN RAW MATERIALS EXPORTED TO THE WORLD'S LEADING INDUSTRIAL NATIONS MAY NOT BE IN SUCH DEMAND AS PRODUCTION ABROAD DECELERATES. ON THE OTHER HAND, PRICES OF THESE MATERIALS MAY NOT RISE AS RAPIDLY AS BEFORE AND CANADIAN PRODUCERS SHOULD FIND THE PRODUCTS OF OUR PRIMARY INDUSTRIES MORE READILY AVAILABLE THAN IN THE RECENT PAST.

ON BALANCE, HOWEVER, AND WHILE I EXPECT SOME TEMPORARY AND LOCALIZED DISLOCATIONS IN SOME SECTORS OF INDUSTRY AS A RESULT OF THE IMPACT OF ENERGY SHORTAGES IN THE UNITED STATES, OUR ECONOMY IN ONTARIO IS EXPECTED TO REMAIN STRONG, WITH GROWTH IN PROVINCIAL REAL OUTPUT IN 1974 EXCEEDING 5 PER CENT.

AS I'VE MENTIONED, GROSS INVESTMENT IN PRIVATE BUSINESS HAS BEEN EXPANDING AT A RATE OF 15 PER CENT THIS YEAR AND A FURTHER 20 PER CENT GAIN IS ANTICIPATED FOR NEXT YEAR. THIS WILL ADD CONSIDERABLE CAPACITY, ESPECIALLY IN THE MANUFACTURING SECTOR, AND COMBINING THIS WITH OUR RELATIVELY SECURE ENERGY SUPPLY FOR INDUSTRIAL USE AND LOWER RAW MATERIAL PRICES, I DON'T SEE OUR PRODUCTION AND EMPLOYMENT GROWTH BEING SUBJECT TO THE SAME KINDS OF CONSTRAINTS THAT OTHER ECONOMIES FACE.

NOW TO THE SOURCE OF OPTIMISM, OR, IF YOU WISH, THE GOOD NEWS,

BECAUSE OF THE SECURITY OF ENERGY SUPPLY IN ONTARIO, OUR PRODUCERS STAND AN EXCELLENT CHANCE TO COMPETE WITH FOREIGN SUPPLIERS IN TERMS OF PRICE AND AVAILABILITY OF GOODS. DOMESTIC FIRMS SHOULD BE ABLE TO INCREASE THEIR SHARE OF THE CANADIAN MARKET BECAUSE OF ESCALATING IMPORT PRICES AND PRODUCTION CONSTRAINTS UPON OUR TRADING PARTNERS.

FURTHERMORE, OUR MANUFACTURERS COULD INCREASE THEIR SHARE IN FOREIGN MARKETS WHERE EFFECTIVE DEMAND STILL EXISTS, BUT WHERE PRODUCTION IS CURTAILED BECAUSE OF ENERGY SHORTAGES.

IN SHORT, THE PECULIAR NATURE OF THIS CRISIS -- ONE WHICH IS CHARACTERIZED BY PRODUCTION CONSTRAINTS AND SHORTAGES OF GOODS WORLD-WIDE -- MAY ACTUALLY CREATE SUBSTITUTION OPPORTUNITIES IN THE IMPORT-EXPORT DOMAIN FOR ONTARIO PRODUCERS, AND I LOOK FOR A POSITIVE, GET-UP-AND-GO RESPONSE FROM THE BUSINESS SECTOR WHICH WILL ENSURE STRONG GROWTH NEXT YEAR.

IT SHOULD BE REMEMBERED THAT ONTARIO HAS A UNIQUELY SOLID POSITION COMPARED TO OTHER JURISDICTIONS AROUND THE WORLD IN ACCESS TO RELATIVELY SECURE ENERGY SUPPLIES. SHOULD SHORTAGES OCCUR, HOWEVER, THERE IS EVERY EXPECTATION THAT PRUDENT AND CAREFUL ALLOCATION OF THE AVAILABLE SUPPLIES WILL ENSURE THE CONTINUED EXPANSION OF THE PROVINCIAL ECONOMY IN 1974.

IN TERMS OF A NATIONAL ENERGY POLICY FOR CANADA, THINGS AT LONG LAST APPEAR TO BE LOOKING UP. LAST MARCH I CALLED FOR A NATIONAL ENERGY CONFERENCE. THIS PROPOSAL WAS ENDORSED BY PREMIER LOUGHEED OF ALBERTA LAST APRIL AND BY THE PREMIERS OF ALL THE PROVINCES LAST AUGUST DURING OUR MEETING AT CHARLOTTETOWN. LAST MONTH THE PRIME MINISTER AGREED THERE WAS A NEED FOR SUCH A CONFERENCE AND WE ARE NOW TO MEET IN JANUARY.

I SHALL BE PROPOSING TO THE PRIME MINISTER LATER TODAY THAT WE DEAL WITH THE SPECIFIC AND IMMEDIATE ENERGY ISSUES JANUARY 22 AND 23 AND THAT THE FIRST MINISTERS ACCOMPANIED BY THEIR FINANCE MINISTER THEN TURN THEIR ATTENTION ON JANUARY 24 TO SOME OF THE BROAD ECONOMIC ISSUES FACING THIS COUNTRY. THIS MEETING WOULD PROVIDE A PRELUDE TO THE REGULAR FINANCE MINISTERS MEETING NOW SCHEDULED FOR JANUARY 24 AND 25.

MEANWHILE, IN THIS PROVINCE WE ARE SEEKING TO CO-ORDINATE THE VARIOUS ENERGY SUPPLIERS AND, UNDER THE DIRECTION OF MY COLLEAGUE DARCY McKEOUGH, ONTARIO'S ENERGY MINISTER, WE ARE DEVELOPING AN INTEGRATED AND BALANCED ENERGY POLICY TO BEST SERVE THE NEEDS OF OUR PEOPLE AND OUR INDUSTRIES UNTIL SUCH TIME AS A NATIONAL POLICY EMERGES INTO WHICH OURS CAN BE WOVEN.

I TRUST THAT SOME, IF NOT ALL OF THESE VARIOUS TOPICS I'VE TOUCHED ON TODAY HAVE BEEN OF INTEREST AND ENCOURAGEMENT TO YOU. SINCE BECOMING PREMIER IN 1971, THIS IS MY THIRD OPPORTUNITY TO ADDRESS THE CANADIAN CLUB OF TORONTO -- THE FIRST, AS A MATTER OF FACT, WAS AN HOUR AFTER HAVING BEEN SWORN IN -- AND I HOPE YOU'VE ENJOYED EACH OCCASION AS MUCH AS I HAVE.

AND SINCE I WON'T BE APPEARING HERE BEFORE THE END OF THE YEAR, I WOULD LIKE TO CONCLUDE BY WISHING ALL OF YOU THE COMPLIMENTS OF THE HOLIDAY SEASON THAT IS ALMOST UPON US.

THANK YOU VERY MUCH.