

the same basic price, plus appropriate transportation charges, no matter where they may live.

There must be a greater awareness of the need for restraint by everyone in what each seeks to secure in incomes, profits, prices or taxes if inflation is to be mitigated. Demands to secure more than the economy can provide, or indeed for those who already have a respectable return to seek to benefit relatively from inflation, must be resisted, and the Government believes it has a clear responsibility in this area. Just as no one group in society should benefit at the expense of others from inflation, so should no one group shoulder an unfair burden.

The Government has therefore initiated a series of consultations with the principal groups in our society—business, professions, farmers, labour and provincial governments. They will be asked what proposals they can suggest and what contribution they are willing to make to defeat inflation. They will be asked how productivity can be increased. They will be asked if improvements can be made to the basically adversarial nature of the collective bargaining system, leading toward a joint search for solutions to mutual problems. Representatives of the private pension industry will be asked to explore jointly with Government ways of protecting pensioners against inflation. The Government will ensure that these consultations deal with the problems of those lacking organized power in the economy and retired people, for in many cases they are the ones most adversely affected by inflation.

The Federal Government believes that it has the responsibility of playing the leading role in bringing Canadians together to discuss their common problems and challenges and to develop proposals for their solution. The Government intends to fulfill this leadership role with vigour and determination. These meetings will form part of a major effort by the Federal Government to enter into a dialogue with all segments of the Canadian community.

In the inter-related society and economy of today, a clear distribution of responsibilities among the different levels of government in a federal state cannot in practical application have the neat precision that it has in political theory. Few actions can be taken by one level of government without affecting, or taking into account, the policies and programs of another. In many areas of government activity effective implementation of a government's policy depends upon the cooperation of other levels of government. Consequently the Government will:

- propose a number of conferences with the provinces during the coming year, including one at the First Ministers level early in 1975; and
 - take new measures within the federal administrative structure to improve the coordination of federal policies and programs that are of interest to the provinces and to make consultation with them even more effective.
- A key factor in increasing supply is transportation. More generally, transportation is vital to Canada providing for the flow of people and goods that link and bind our regions. It is at the heart of our ability to function as a domestic economy, and as a trading nation. Transportation must be an instrument of national purpose, designed to achieve broad social and economic objectives. While the

scale of Canada is one of its greatest assets, equally, it poses challenges of distance and communication virtually unique in the world. These problems are particularly real for the provinces and regions away from central industrial Canada. The Government does not believe the principles underlying the present transportation system or its methods of management and operation are adequate to meet current and future national aspirations.

The Government believes transportation rates should continue to be based on the principle of competition among alternative modes of transportation in areas where there is effective competition. Where such competition does not meaningfully exist, transportation rates cannot be allowed to exact what the market will bear. Consideration of costs, as reflected in the provision of comparable services in circumstances where competition is effective, is a more acceptable guide, and it is toward the achievement of equitable arrangements on such a basis that the Government will work. Even as so qualified, the principle of effective competition may have to be subject to exceptions to permit the achievement of national policies relating to the reduction of regional economic disparities and the encouragement of a more balanced distribution of industry.

The Government is conducting a comprehensive examination of the ability of existing ground, air and marine transportation systems to meet present and growing future demands for passenger and goods services. Also under review are the roles of the various bodies which manage, operate and regulate the transportation system. The aim is to determine the role of government in both the public and private sectors of transportation, the most rational use of available capital resources, and the most appropriate means of balancing existing regulation and direct government intervention. While the cooperation of all parties will be sought, these problems are of a scale that they require Federal Government coordination. This work will lead to the implementation over the next several years, at a rate matched to the Government's overall financial ability, of a program of changes designed to produce a modern, safe, efficient and coordinated transportation system.

There are a number of new initiatives that the Government is prepared to undertake immediately designed to improve transportation services in Canada which will not in any way prejudice the review of basic policy to come:

- a program in cooperation with the railways which will lead to the eventual creation of new Government machinery to ensure the effective management of all ground transport;
- immediate implementation of experimental programmes designed to upgrade progressively a number of intercity passenger train services;
- ensuring an adequate supply of rail cars for the future and to resolve rail access problems to all major ports and distribution centres;
- improved transportation to and from remote areas, including further assistance to airports in small municipalities, and a new program to fund airports located in developing areas of the country;