

the general cutback in its expenditures, the Government, recognizing the overriding urgency of these programs, has decided to allocate an increasing proportion of its revenues to them.

The necessity for raising the level of employment of Canadians of Indian descent and other less-favoured citizens will also receive special attention.

Changes in the patterns of need in our society call for a more equitable social policy which will offer assistance and security to people unable to work or to provide for themselves and their families. A white paper on social security will be presented together with a proposal concerning the reorganization of the unemployment insurance program.

Satisfactory relations between labour and management are of critical importance to our social and economic progress. The Government is devoting greater attention to the problems and possibilities of industrial relations and will be putting forward for your consideration amendments to the legislation governing collective bargaining in the industries within federal jurisdiction.

There are many obstacles to be overcome if we are to achieve our economic goals, but inflation is undoubtedly the most serious and the most difficult to control. If we fail to control it, the consequences could rapidly prove disastrous, especially—but not only—for those whose incomes are already low.

In recent months the Government has urged both the public and the private sectors to adopt special measures to combat the dangers of inflation. These measures, which the Government has itself adopted, must be applied by all if further restraints are to be avoided.

You will also be called upon to study proposals for tax reform aimed at a fairer distribution of the tax burden combined with favourable conditions for growth in the national economy. The structure of our tax system must be adapted to reflect more accurately the true circumstances of individual Canadians and of business organizations in our modern society.

One of Canada's most valuable assets is undeniably the richness and variety of her material resources. In some cases, production has increased substantially and outstripped demand; grain is one of the commodities of which reserves have piled up, causing financial hardship to a good many farmers.

Increasing production of grain in many countries has contributed to a decline in our international grain trade and in world grain prices. This reduction of markets and prices has been of utmost concern to the Government, which intends to continue its search for new outlets for Canadian grain and its efforts to improve international co-operation and to re-establish orderly marketing. In addition, you will be asked to consider amendments to the Canada Grain Act which are intended to make our products more competitive in world markets.

The competitive position of Canadian fisheries must also be strengthened, not only through new licensing and marketing arrangements, but also by extending Canada's exclusive fishing zones.

Our resources are immense, but they are not inexhaustible. Although we must encourage their development, we must also conserve them and regulate their use. Water is among the most precious of these resources. The evidence of past failure to rehabilitate our water resources is there for all to see—befouled water, despoiled beaches, rotting marine vegetation, and diminished fishing. The Government has made known its views on this serious problem, and has begun urgent discussions with the provinces. Upon their completion, the Government will introduce legislation which will enable it, in co-operation with the provinces, to improve and preserve our water resources. Thus may we assure ourselves of their continuing benefit for our own domestic use, industrial expansion, and recreation.

While the Atlantic and the Pacific retain their traditional importance for Canada, the Arctic Ocean and its coastal regions may soon enter a period of rapid economic development. Much of this development will undoubtedly occur on the islands of the Canadian archipelago, or in the adjoining continental shelf whose resources, under international law, we have the exclusive right to explore and exploit. With resource development, and the benefits it entails, may come grave danger to the balance of plant and animal life on land and in the sea, which is particularly precarious in the harsh polar regions. While encouraging such development, we must fulfil our responsibility to preserve these areas, as yet undespoiled and essentially in a state of nature. The Government will introduce legislation setting out the measures necessary to prevent pollution in the Arctic