

*Speech from the Throne*

have turned to income and price controls. These attempts have on the whole not been successful.

The Canadian economy, perhaps more than any other, is closely tied to international trade and markets. The principal inflationary pressures have come from outside the country. It would have been singularly inappropriate under such conditions to have resorted to general income and price controls and the Government rejected them for these reasons.

A principal responsibility of the Government and one of its main policy objectives is to maintain high levels of income, production and employment. This policy should in itself help to overcome some of the supply problems which are causing prices to rise. But in addition, and more immediately, the Government's policy in dealing with inflation will be to step in, as it has done in the past, and take specific measures to increase the supply of certain goods and services, to protect those who are not able to protect themselves against the effects of inflation, to cushion consumers against sudden and disruptive price increases of essential commodities, and to prevent any group or groups from taking undue advantage of the current situation at the expense of others.

*[English text]*

In the case of oil, the Government has been concerned about the individual hardships caused by the rise in prices and about the over-all effect of the increase on the economy. Nonetheless, for Canada to become self-reliant and be protected against abrupt changes in supply, prices must be such as to encourage the exploration and development of non-conventional and frontier oil resources. The Government must ensure that a sufficient part of the funds generated by higher prices will be used for such exploration and development. It will introduce legislation to create a national petroleum company which will assure greater Canadian presence and participation in these and other activities. It has announced the extension of the pipeline from the western oil fields to Eastern Canada and the establishment of a single Canadian market which will guarantee an outlet for domestically-produced oil.

In furthering these longer-term objectives, the Government has a duty to manage the economy in the interests of all Canadians, and in particular to moderate the inflationary effects resulting from the oil crisis. It has sought, in co-operation with the provinces, to make sure that the difficult transition to higher oil and energy costs occurs in an orderly way so as to not cause unnecessary disruptions in economic activity, employment and prices. To this end, it must ensure that the price of domestically-produced oil does not increase at an unreasonable rate and that the price of oil be the same in all parts of Canada subject, of course, to transportation costs. Legislation will be introduced to ensure that the responsibilities of the Government in these respects can be effectively discharged.

Discussion with the provinces on the Government's objectives and on the best means of achieving them is continuing. The Government will make every effort to reach agreement on arrangements that will discharge its responsibilities in a way that is fair to the provinces where the main sources of the oil and gas are located as well as to consumers in the country as a whole.

*[French text]*

At the same time as there is increasing concern about shortages in the supply of energy, it is apparent there is an inadequate supply of food in many parts of the world. In some countries the situation has reached critical proportions. In Canada there have not been such serious shortages but international market pressures have forced our food prices upwards. It is clear that this country's production must be increased. The Government is developing a policy on food based on the following objectives:

- an adequate and dependable supply of quality food for a growing population in Canada enjoying a rising standard of living;
- reasonable food prices:
  - for the consumer, in not requiring an undue proportion of income for Canadians to secure a sufficient and balanced diet,
  - for the producer, in providing a return adequate to encourage production of food items which can be economically and efficiently produced in Canada;
  - a continuing supply and increasing production of those food products in which Canada has a competitive advantage for export to

[Mr. Speaker.]

commercial markets and also for a contribution to international food aid programs.

The Government's objectives will guide a re-assessment of existing programs in the areas of agriculture and fisheries. The Government will wish to consult with provincial governments, consumer groups and producers.

The producer must be ensured a fair income for his work. His confidence in long-term market opportunities is an essential element in the Government's policy. The producer should have access to all markets in Canada. He will also be encouraged to expand food exports.

The consumer must be ensured a fair value for his dollar. He must be protected against disruptive increases in the price of essential foodstuffs caused by international market demand. Guarantees against unduly low prices to producers must be coupled with guarantees against unduly high prices to consumers.

*[English text]*

In the long term the continuity of domestic supply must take into account optimum over-all land use in Canada and especially the trend to diversion of productive land for non-agricultural purposes. The Government intends to enter into discussions with the provinces since they are vitally involved in this question.

As positive steps in the achievement of adequate supplies of food at a reasonable cost, measures directed in the main at increasing food production will be laid before you in the following areas:

- guaranteed loans and other forms of assistance to both farmers and fishermen to assist them in purchasing or modernizing their equipment;
- amendments to the Export and Import Permits Act to provide the Government with better means to stabilize the Canadian market;
- improving the availability of manpower for food production;
- assistance in the construction of new storage facilities;
- research to make it possible to increase production, improve quality, and lower costs;
- improvements in harbour facilities for fishing fleets;
- incentives to increase Canada's catch of unexploited stocks of fish;
- advance payments on crops to assure producers of timely cash receipts;
- an agricultural stabilization plan to encourage rational production decisions;
- assistance to young farmers to provide sufficient financial incentives for them to establish themselves in farming;
- better veterinary training facilities;
- a prairie grain market insurance plan;
- improvements in Canadian grain rail transportation capabilities;
- increased availability of reasonably priced feed grains;
- incentives to increase the production of livestock necessary to provide for Canadian and export markets.

As part of the Government's economic management, a major element in the policy to mitigate inflation is to increase production and supply; many measures have been indicated with respect to energy and food. Of course, Canadians must strengthen their economy in other ways to expand employment opportunities and achieve a greater degree of control over their economic affairs.

Measures will be proposed to aid small businesses, both financially and by providing better counselling services by the creation of a Federal Business Development Bank. Steps will be taken to ensure further processing of resources in Canada. The Government will encourage the development of the petrochemical industry based on the upgrading of Canadian resources and better access to world markets. Amendments will be proposed to the Bank Act in order to permit provinces to participate in the ownership of banks. An amendment to the Export Development Act will be introduced to encourage further expansion of Canada's foreign trade. Proposals will be made to ensure Canadian control of the computer communications field. Amendments to the Combines Investigation Act, directed at encouraging competition, will be put before you.