

and encourage industrial innovation. Those initiatives included the April budget, which cut sales taxes in co-operation with the provinces, and provided a stimulus to non-conventional oil development.

Other measures were announced during June and July to encourage energy conservation and the development of renewable energy sources; to stimulate research and development; and to assist small businesses.

Now the Government proposes to devote more resources to the promotion of industrial development in 1979-80.

The primary objective is to help establish an economic climate which is conducive to private sector growth, particularly in the areas of high technology industries, regional development, and the promotion of exports. Additional assistance will be provided for tourism and for the resource and ship-building industries.

Excessive government intervention in the economy should be greatly reduced over time by initiatives to eliminate duplication between federal and provincial programs and to simplify regulatory and reporting systems.

An important element among the Government's proposed new industrial development priorities is an increase in support for major capital projects in manufacturing, energy and transportation.

The major thrust of the Government's employment strategy is to encourage the creation of permanent jobs in the private sector. Special emphasis is being placed on the training and job placement of young Canadians.

In this new Session, the Government will take action to increase support for the training of an adequate supply of skilled labour and to assist labour market mobility.

The Government also proposes to introduce major changes in the Unemployment Insurance Program. These changes would achieve a substantial reduction in the cost of the program. They are intended to minimize any negative effects which the program may have on the incentive to work, or on the labour supply.

The proposed adjustments would make the program more selective in its coverage. They would also put Unemployment Insurance funds to more productive use, partly to finance an expanded Job Experience Training Program for youth. You will be asked to approve amendments to the Unemployment Insurance Act to give effect to these changes.

Other new employment strategy measures will focus upon year-round employment programs for young people. A new Youth Job Corps Program will be created. This and other youth employment programs will benefit from a major increase in funding during this fiscal year.

In the field of social policy, the unfair impact of inflation upon lower-income groups calls for further protection.

The most effective way to protect Canadians against the injustices of inflation is to continue to act vigorously to bring inflation down. This requires the co-operation of everyone, and takes time. But the poor cannot wait for that. Nor can

lower-income parents with children to support, nor elderly pensioners. We must give them additional help now because their need is urgent.

The Child Benefits System has therefore been redesigned. Family allowance payments will be set at a base rate of \$20 per month per child for 1979, so that more aid can be provided to those whose need is greatest. The base rate will be indexed in line with the cost of living after 1979.

Funds saved through this process will be used to provide a yearly payment of \$200 per child to mothers in low and middle-income families. Also, there will be an increase of \$20 per household in the monthly Guaranteed Income Supplement. This will further protect the elderly from the impact of inflation.

You will therefore be asked to consider amendments to the Family Allowance Act, the Old Age Security Act, and the Income Tax Act.

As an additional anti-inflationary measure, the Government has recently reduced the special excise tax on gasoline by three cents a gallon. Negotiations are under way with the Government of Alberta to defer the one dollar per barrel increase in the price of oil scheduled for January first.

V: *Renewal of The Federation*

Economic improvement by itself, however, will not guarantee a united country. A renewal of the Canadian federation is equally essential. It was with this conviction that the Government published its proposals for renewal last June in a document entitled *A Time For Action*. Later that month, the Government placed before Parliament the Constitutional Amendment Bill. It was referred to a Special Joint Committee of Parliament as a basis for a full public discussion of constitutional change.

A Time For Action affirmed the Government's commitment to four basic principles of renewal: the preeminence of citizens and their freedoms; full respect of native rights; full development of Canada's two major linguistic communities; and the enhancement of our mosaic of cultures. It supported development of the regional economies and the fostering of economic integration, so all in Canada can share the benefits of our country more equally. Finally, it recognized the interdependence of the two orders of government, and urged the clear establishment of their respective roles in a renewed Constitution.

A Time For Action stressed the need for a less contentious relationship among the federal and provincial governments, and more effective intergovernmental consultation. Other goals are freedom of action for each government to fulfil its responsibilities, and measures to permit greater accountability by governments to their legislatures and the people who elect them. Also emphasized was the need to help the taxpayers better understand the intergovernmental process; and to provide more effective services at less cost by eliminating wasteful duplication.