

The fact that it is the provinces that own and control natural resources generally does not, of course, mean that there is not an important federal interest, and an important federal role in resource policy. Included among the functions of the Federal Government are some which owing to their nature and their general application have profound significance for the use of resources across Canada. That Government is responsible for promoting a high level of business activity and for fostering our foreign trade. It has recognized that the wise development of Canada's natural resources is basic, both to domestic economic activity and to a healthy export trade. For these and other reasons the interest which the Federal Government has in resource policy is a vital one. The Federal Government has, moreover, many ways in which it can affect the climate for resource development, and therefore many responsibilities which are, directly or indirectly, in the resource field.

There is tax policy. Income tax provisions offer encouragement to the development of resources by such means as write-offs for exploration and development and for forest fire protection and the exemption of new mines from taxation. On another front the general policy of low tariffs and the encouragement of Canada's export trade stimulates the development of resources that have a sound competitive basis and do not require undue protection to compensate for higher costs. By using its powers to make tariff agreements with foreign countries - or with groups of foreign countries as for example under the General Agreement on Tariffs and Trade - the Federal Government tries to keep foreign tariffs low on Canadian raw materials in order to encourage the production of these materials for export.

Consider next transportation policy. Here the jurisdiction which the Federal Government has over freight rates enables it to assist certain regions and the production of certain commodities by such means as the Crows Nest Pass Rates, the annual "bridge" subsidy granted to the railways on the operation of their lines north of Lake Superior, the Maritime Freight Rates Act, and the policy of the equalization of freight rates. The development of the all-Canadian gas pipeline is an instance where transportation policy and federal action has had a profound effect on resource development. More than that the Government has extended subsidies for railway construction to open up new regions and to encourage the development of new resources. The Federal Government has also instituted policies designed to assist particular industries or areas. Thus in recognition of the place which gold mining holds in the economic life of many communities it has since 1948 granted financial aid to most of Canada's gold mines under the Emergency Gold Mining Assistance Act. For many years it has paid subventions on specified coal movements, and has established support prices on some commodities to tide the industries concerned over difficult periods.

In addition to carrying out policies such as these the Federal Government has entered into cooperative agreements with Provincial Governments in the interest of resource management. The resources concerned in these arrangements are in each