

- special efforts on behalf of individuals and specific groups who are ready and willing to work but tend to experience particular difficulty in finding regular employment;
- To help older citizens, the needy and war veterans—
  - provide for regular increases in the Year's Maximum Pensionable Earnings in 1976 and subsequent years, revise the Year's Basic Exemption, and eliminate the earnings test on retirement pensions for people aged 65 to 70,
  - provide for the payment of allowances to the spouses aged 60 to 65 of Old Age Security recipients effective October 1975 and eliminate certain hardships involving Canadians absent from Canada for limited periods of time,
  - achieve equity as between provinces in the application of the Canada Assistance Plan in respect of the treatment of youthful offenders in other than welfare institutions, and in respect of the care given needy persons in nursing-homes in provinces that have introduced universal nursing-home care programs, and
  - further increases in war veterans allowances.

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The third objective of the Government's policy to combat inflation is to take such specific initiatives in the economy as are required in order to deal with unjustified increases in incomes, prices and profits.

The Government will introduce legislation to deal with unjustified price increases where such increases are identified. This legislation will be designed to ensure that unacceptable profit levels are not being realized.

You will be asked to approve the imposition of an export charge on crude oil and certain other petroleum products to provide compensation for Canadians who consume imported oil and to regulate the price of Canadian hydrocarbons in interprovincial trade, so that all Canadians pay 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.

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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