

BACKGROUND OF BUDGET POLICY

A strong economic advance has carried forward into 1969. Demand is firm from all sectors and unemployment has declined in the last 12 months.

The gross national product is forecast to increase by 9 per cent in 1969, assuming an increase in prices of about the same extent as in 1968 and anticipating an advance in real output of more than 5 per cent.

The rate of increase in the price index of GNP has subsided from its 1966 peak, but the persistent year-to-year rise in prices and costs is unacceptably high. The strength of the current expansion clearly aggravates the threat of intensified inflationary pressure.

There can be no question that the No. 1 priority in economic policy today must be to deploy all public and private forces more aggressively than ever in the battle against inflation.

International price trends are exerting a growing influence on our own. Germany and Italy are the only major economies experiencing price increases lower than Canada. Neither Canada nor other trading nations can afford to relax efforts under way on a worldwide basis to reduce inflationary pressures.

The Price and Incomes Commission will be a valuable new element in Canada's anti-inflationary arsenal. It can investigate why particular prices rise, point to solutions and focus the power of public opinion.

For the current 1969-70 fiscal year, budgetary revenues before any tax changes are forecast at \$12,040 million, and budgetary expenditures at \$11,650 million, for a surplus of \$390 million. Tax and tariff proposals, and the bookkeeping write-off of \$125 million as the federal share of the Expo deficit, reduce the surplus to \$250 million.

The federal and provincial governments have been concerned to find ways to control costs and to improve the efficiency and productivity of major shared-cost programmes. These and other questions now are before the federal-provincial tax structure committee.

In further meetings, the governments will discuss how arrangements now in effect for co-ordination in the income tax fields will be affected by the programme of tax reform. The Federal Government looks forward to the closest possible consultation and collaboration with the provinces in this vital regard.

NEW NORTHERN AIRPORTS

Ten airports are to be built in the next eight to ten years at remote settlements in the Northwest Territories and the Yukon, at an estimated cost of \$5,616,000.

The announcement of the programme, which was approved by the Cabinet in April, was made recently

by Mr. Jean Chrétien, Minister of Indian Affairs and Northern Development, who said that the entire construction costs would be borne by his Department.

Work on some of the airports will be started this year by the Department of Transport, using local labour. Gravelled strips capable of handling transport aircraft of medium size will be 3,300 feet long and 100 feet wide, with provision for later expansion. Mr. Chrétien said that the Government was eager to employ Eskimos and Indians to train them to take over the maintenance of the airports when they were finished. The airports will then become the responsibility of the territorial governments.

The installations, which will be designated by the Government as "remote airports" will be built at Cape Dorset, Igloolik, Eskimo Point, Pangnirtung, Old Crow, Whale Cove, Fort McPherson, Aklavik, Pond Inlet and Chesterfield.

An airfield started in 1968 at Coppemine, N.W.T., the scene of intensive mineral exploration activity, has also been designated a "remote airport". Work will begin this year on the two airports to be located at Pangnirtung and at Eskimo Point. Tentative priorities have been established for the other eight airports but will remain flexible and subject to change.

The decision of the Cabinet to build airports in these locations was made following a survey of the transportation needs of the Yukon and Northwest Territories, with the object of providing year-round transportation to isolated communities and to improve medical, educational and other services in the North.

NATIONAL LABOUR CONFERENCE

Labour Minister Bryce Mackasey recently announced plans for a national tripartite industrial relations conference, to be held in Ottawa during October.

Described by Mr. Mackasey as "one of the more publicly obvious initiatives the Department is taking to improve the quality of effective dialogue between labour, management and government", the three-day session from October 27 to 29 will be attended by more than 200 senior representatives of labour, management and government.

The Minister said that the conference would be a fitting tribute to the International Labour Organization which is celebrating its fiftieth anniversary year in 1969.

Beyond this, however, he declared, the conference would seek, "through free and open discussion, to clarify the respective responsibilities of unions, management and governments in working towards more mature industrial relations in the public interest". "This conference," he continued, "could be a new experience in industrial relations dialogue for Canadians as a whole."