

Speech from the Throne

planned a co-operative strategy against inflation, unemployment and slow growth.

Canada pledged at Bonn to do its part to restore vitality to the Canadian and world economies. After the conference, that pledge was transformed into action in a series of policy announcements.

They require action on two fronts. The first requirement is to further reduce the growth rate of federal spending.

The second is to pare down or eliminate many worthwhile but low-priority programs, in order to free the dollars necessary for a serious assault upon high-priority goals. These goals are to stimulate industrial expansion, put more Canadians back to work, and further protect from the impact of inflation those who are least able to protect themselves.

[Translation]

III: Expenditure Restraint

Let us examine the first of these requirements, restraint in government spending. To achieve sustained progress in the battle against inflation, the government believes it is absolutely essential for Canadians to practise restraint in their price and income demands. The government is also aware of its own responsibilities. Expenditure restraint has been a central theme of federal policy and practice since October, 1975. It was reinforced by the First Ministers' joint commitment in February to contain government spending below the trend growth rate of the Gross National Product.

In August, the government set itself a more ambitious restraint objective. Planned federal spending this fiscal year will be reduced by five hundred million dollars, and next year's projected spending will be reduced by two billion dollars. As a result, the projected rate of expenditure growth during the next fiscal year is 8.9 percent. That is well below the forecast growth of 11 percent for the GNP.

The objectives of imposing more severe restraint on government spending are two.

The first is to encourage a more vigorous expansion of the private sector by reducing governments' share of the nation's wealth.

The second is to create a leaner and more efficient government, by making every tax dollar do more work.

The government is committed to reducing the size of the federal public service. You will be asked to approve amendments to the Public Service Superannuation Act, designed to ensure that public service pensions are in line with the level of contributions.

The government is committed to continued wage restraint in the public sector. You will be asked to approve amendments to the Public Service Staff Relations Act to ensure that compensation in the federal public service remains in step with the private sector, and does not lead the way.

You will also be asked to enact legislation making the Post Office a Crown Corporation, with a view to making postal services more efficient and responsive to public needs.

Because such a large portion of the federal budget is dedicated to transfer payments to the provinces, no large-scale restraint program could be successful without their co-operation. The government intends to negotiate reductions which will cause a minimum of difficulty for provincial governments.

You will be asked to consider amendments to the National Housing Act, the Unemployment Insurance Act, and other legislation in order to give effect to the program of expenditure restraint.

IV: Shifting Dollars To Priority Needs

The second major requirement is to transfer funds from lower-priority to high-priority goals. They are industrial expansion, job creation, and more assistance for those in need.

Providing those additional resources within the context of budgetary restraint is a most difficult and painful exercise. Worthwhile programs serving real needs must be cut back if the money is to be found for more pressing requirements.

[Mr. Speaker.]

By cutting back programs in virtually every department, the government intends to channel one billion dollars into programs of economic and social development.

In the area of economic development, the Government's recent proposals are intended to build upon its earlier initiatives to promote job creation, stimulate private sector growth, 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.

[Text]

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