

*The Address—Mr. Johnston*

Restraint remains our commitment, but we must also recognize that inflation adds some cost to government which simply must be met. For example, are we to de-index old age benefits? I say, and the Liberals say, no! Are we to cut essential welfare programs to meet the temporary cost of higher interest charges on our public debt? Again, the Liberals say, and I say, no!

Another example is the emphasis we place on investment in the energy sector and on rail systems and port facilities—investments which society must make for future generations. Bear in mind that even such productive capital investments as these add to the deficit, because in Canada's accounts they are not capitalized as they would be by businesses or by individuals.

Before I comment on my principal goal of more effective and efficient government management, let me put the costs of government into perspective. Contrary to widespread belief, the costs of the federal government itself are a relatively small and diminishing part of the total costs of government. Subsidies and government transfers to individuals, other levels of government or businesses, made up 52.2 per cent of government costs in 1979-80. Public debt accounted for 16.5 per cent; defence for 8.6 per cent, and payments to Crown corporations made up 3.1 per cent. The cost of all other programs and agencies, including Parliament, amounts to less than 20 per cent of our expenditures. While I am determined to control these costs, I have no illusions that I can make sufficient savings through improved government management to eliminate the deficit. Efficiency can help, but, ultimately, to reduce the deficit we must either cut programs or we must increase revenues.

Let me move briefly to a central theme: the importance of adopting a sensible and strategic policy of restraint without making a fetish of the numbers. Such a policy has three main elements—first, to manage government well so that the direct costs of government at least do not grow in real terms and, hopefully, will be significantly reduced; second, to ensure that expenditures on social programs are focused primarily on helping those who are least able to help themselves and that expenditures on economic programs are focused primarily on investments which will promote economic growth, develop our economic potential and thereby increase our revenue base; third, rigorously to evaluate all programs from time to time to ensure that they are meeting their objectives and are being well administered.

In this three-part strategy, restraint is a goal, but not a goal in itself. Emphasis must be placed on the most effective and equitable use of our scarce resources. But we must not shy away from a good investment, one which will support economic growth and contribute to government revenues, just because it adds to the expenditure side of the column. No well-run business would do that, nor should our government.

I would like, but I do not think time will permit, to describe the new expenditure management system which we are putting into effect, so I shall leave those comments for a future date. However, there is one absolutely key area of management to

which I must make reference tonight, it is so often overlooked, that is, the management of human resources in government. The government is currently reviewing a number of policies in this regard and I hope to be in a position to announce some of the government's conclusions in the very near future. I am particularly concerned that we review, update, and expand our policy for training employees—

**Mr. Baker (Nepean-Carleton):** Hear, hear!

**Mr. Johnston:**—especially to assist with the retraining of any employees whose positions are declared surplus. It is not the policy of this government to set arbitrary targets for the reduction of the public service. The size of the public service has been under control for several years and has been declining in numbers for the past two. It is our policy to have the leanest and most efficient public service, to evaluate each program and ensure that it is well administered, but we are not committed to reduction targets as such.

I have been particularly heartened to encounter in the public service of our country dedicated, competent, and responsible people who share my objective of good management and my determination to achieve it.

**Mr. Knowles:** Hear, hear!

**Mr. Johnston:** In government management we should be willing to accept nothing short of excellence.

● (2120)

[*Translation*]

In spite of my considerable responsibilities, Mr. Speaker, as President of the Treasury Board my main interest at present is the future of my country without which those other matters would be irrelevant. The economic potential of Canada is far greater than the entire potential of regions.

Last week I had the great pleasure of going to Victoria and Vancouver in British Columbia. During exchanges of views with representatives of the federal government and businessmen, I was struck by the level of optimism and enthusiasm about the economic future of that area of the country. Well, needless to say the natural resources of western provinces will no doubt guarantee a very promising future not only for that area of the country, but for all of Canada.

We are sometimes inclined, Mr. Speaker, to forget that basic character of our federal system. If we must travel to western Canada to realize fully its beauty, it remains that its wealth can be ascribed to our national tax structure, that is the cornerstone of our federal system. Whether we live in a city like Kamloops in British Columbia or in Trois-Rivières in my own province, we derive substantial benefits from that wealth.

Laurier stated that the twentieth century belonged to Canada. He was right, Mr. Speaker. When it comes to prosperity, freedom, beauty, economic potential, Canada still ranks amongst the most fortunate countries in the world. Laurier