

in mid-summer is high. The final figure will likely be under 3 per cent.

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Reliance on private industry

Several themes emerge from our mandate. We will build on Canada's potential, through policies directed towards energy self-sufficiency and through increased attention to regional strengths and small business. We will achieve a better rate of economic growth through increased reliance on the private sector. We will restrain government spending and increase government efficiency with public sector reductions, sunset laws and "privatizations".

It has become clear that many Canadians realize the need for restraint in government spending, but while that need has been accepted, and was expressed at the ballot box on May 22, I am not sure that individuals have thought through precisely what restraint may mean to them.

There is no shortage, unfortunately, of Canadians who are "ready, aye, ready" to see someone else's ox gored, or cod gutted, but who are suddenly and vigorously protective when it comes to the possibility of cutbacks or restraint programs that affect them directly. If there is one message that I would like to deliver to you today it is this: *When we say restraint, we mean you.*

...There has been considerable talk of stimulus. The Government since May 22, has considered at Cabinet level that stimulus and the form it might take. The results of that Cabinet discussion will be disclosed budget night but in the meantime it is clear that we are in the same position as the client who consulted a lawyer and said he was seeking justice. The lawyer asked him, "How much justice can you afford?" That is the position of Canada's finances. How much stimulus can we afford?

Deficit-reduction goal

Again I will give an answer on budget night, but I want you to know today that the stimulus I believe in comes from a deficit that is reduced as quickly as possible. I believe in stimulus from a private sector that has a climate of fiscal stability and encouragement in which to plan and build. And I believe in stimulus from the profits you will make and we will share.

...It would be irresponsible economically to decree sudden and violent

changes in the fiscal climate, particularly with our current account and inflation problems. It would also be irresponsible socially, because the fact is that the only way to eliminate overnight an \$11-billion deficit is to make deep and radical cuts in social programs that are needed by Canadians. We cannot suddenly remove support networks on which hundreds of thousands of Canadians depend for sustenance. There will not be any such deep and radical cuts.

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Private productivity

Although government can help steady the economy on occasion, basically we feed from it, not to it. We print money — but only as long as we print it in appropriately limited quantity is the value supported by private productivity.

We spend money — but the supply of it comes *only* from present and future earnings of productive enterprise.

In social policy, government is challenged by the opportunity and the obligation to use the benefit of that economy, its richness, to protect the less fortunate — the poor, the sick, the elderly. That we do and will continue to do.

We provide aid on a medium-term basis for selected economic sectors. We can and will encourage small business, stimulate research and development, and pay particular attention to underdeveloped areas of the country. We can and will reward entrepreneurial skills. We can use our strength in some areas — natural resources, for example — as a springboard for sectors where we have been traditionally less successful.

All that and more government can do. But it cannot create wealth. The private sector creates wealth and we intend as a government to let you get on with the job. We cannot continue the economic philosophy of supporting the unsupported; of propping up economically non-viable projects with government money, in the hope that a miracle will occur and one day they will survive on their own. Orchids can always be raised in a greenhouse; we cannot afford orchids that die as soon as the greenhouse is removed.

We intend to create a climate of confidence and stability through commonsense measures on the part of the Government in Ottawa, with the co-operation of, and upon consultation with, the provinces.

Energy self-sufficiency

A current example is in the field of energy. Our goal in national energy policy is to achieve energy self-sufficiency by the year 1990. As a Government and as a nation we cannot continue at the mercy of external forces that could cripple us by cutting off supplies of imported oil.

Measuring all energy sources against demand, we are now, in fact, self-sufficient in energy. We are not self-sufficient in terms of domestic distribution, and we are not self-sufficient in oil. We will have to develop both our frontier areas and the heavy oil and tar sands.

A large part of the reason for those supply and distribution problems is price. Canada is now the only industrialized nation in the world other than the U.S. that is not experiencing and living with world prices for crude oil. West Germany, Japan, the United Kingdom, France, Italy and all others, except the United States and ourselves, have absorbed those prices and are functioning with them. Even the United States is now rapidly moving towards world prices, and will be there by the end of 1981.

...It is all too plain that while we may be able to remain slightly behind U.S. prices for competitive purposes, we cannot achieve energy self-sufficiency by the end of the next decade unless we accept more rapid increases towards world oil price levels.

If we accept that, then the next problem is implementing that decision. The problem is complicated both by our Constitution and by the fact that our energy resources are, so far at least, concentrated in one area of the country. A rapid increase in price distorts regional income distribution. It has severe effects on lower and lower middle income groups.

But despite these effects there is no doubt that Alberta, as all provinces do, should receive the value of its resources.

It is our belief that we have found a reasonable solution to this dilemma. We are discussing this now with the provinces and the industry. But that solution, if achieved, must be based on a shared national desire to overcome the problems posed by constitutional jurisdiction and the inequalities of geography and regional income distribution. Only time will tell if that national desire exists.

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Our forecasts are not written in stone.

(Continued on P. 8)