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Canada Weekly

Volume 6, No. 11

March 15, 1978



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Restraint in federal spending emphasized as main estimates tabled

In tabling the 1978/79 main estimates of federal expenditures in the House of Commons on February 22, Treasury Board President Robert Andras pointed out that the growth trend of federal spending would remain below that of the gross national product. Total expenditures for fiscal year 1977/78 were set at \$44,450 million and, as was the case in 1976/77, Mr. Andras fully expected total spending to be at or below that ceiling.

The percentage increase in total federal spending declined from 28.3 per cent in 1974/75 to 18.4 per cent in 1975/76, down to 10.2 per cent in 1976/77 and to 8.2 per cent in 1977/78.

"In short...the Government committed itself to restraint three years ago, has lived up to that commitment, and will continue to abide by that commitment," declared the minister. Passages from his address follow:

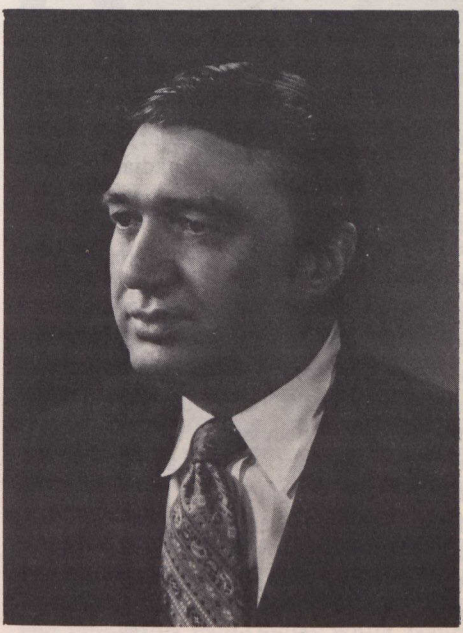
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...Main estimates include budgetary outlays of \$46,476 million, to which must be added net investments and advances of \$1,774 million, for a total of \$48,250 million. The inclusion in main estimates of several expenditure items of a recurrent nature, which were previously submitted to Parliament in supplementary estimates, has enabled us to set realistically the reserves for contingency outlays at \$1,550 million. Taking into account the usual lapse of spending authority, total expenditures in 1978/79 are forecast at \$48,800 million.

This amounts to an increase of 9.8 per cent — less than the presently-expected increase in the value of the gross national product for the same period. It also means that, in real terms, federal outlays will increase by about 3.5 per cent. For even though we expect inflation to abate during the next 12 months, the government sector — like others — will still have to bear cost increases.

* * * *

...Although federal expenditures will be contributing, during the next 12 months, to the growth of aggregate demand in Canada, we are not relying on spending to give a major push to the economy. To the extent that additional, short-run stimulus has been judged necessary, the Government has acted mainly through tax reductions, so that the re-



Robert Andras

covery may be sustained through private-sector expansion.

Past experience has shown that any attempt to pull the economy up by federal spending alone is self-defeating. Such stimulus is inevitably short-lived and soon leads to a renewal of inflationary pressures....

At the same time, we have resisted pressure from other quarters to cut savagely federal programs and to apply some rigid form of fiscal rigour.... I would have liked federal expenditures to grow even

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On this day in 1603, French explorer Samuel Champlain made his first voyage to Canada. Later known as the father of New France, Champlain founded Quebec City in 1608.

Mar. 15/78