

liament, senators, and cabinet ministers are scheduled to receive on January 1. I am confident that members of the opposition parties will support this salary freeze as an example of personal restraint.

The salaries of senior civil servants will be frozen for the next 15 months, together with the salaries of federal and provincial supreme court judges, senior officers of the armed forces and the Royal Canadian Mounted Police, senior executives of Crown corporations such as the Canadian National Railway, Air Canada and the Canadian Broadcasting Corporation, and the senior executives of all government boards, commissions and agencies.

During the next 15 months, there will not be any increase in the authorized number of man-years in senior executive categories.

The federal civil service will be held to an annual growth rate of 1.5 per cent, well below the growth rate experienced in recent years. In fact, this means that most government departments will actually reduce the number of their employees, because in a few priority areas, like the anti-inflation program and law enforcement, more people will have to be hired.

I am reducing the size of my own staff, the Prime Minister's office, by 10 per cent.

All government departments have been ordered to severely restrict travel and administrative expenses, as well as their budgets for work done by outside consultants. The Government will drastically restrain its purchase of office furniture and automobiles.

* * * *

It is with a sense of personal sadness that I tell you that all Federal Government funding of the Company of Young Canadians will be terminated, with a resulting saving of \$6 million.

The Opportunities for Youth Program will also be terminated, at a saving of \$36 million.

Information Canada will be disbanded, although some of its essential functions, like the book shops, will be integrated into other government departments. This will produce a net saving of at least \$5 million.

Other government programs, while not being eliminated, will be given less money next year than we had planned, and in some cases, less than they

would need in order to respond adequately to growing public demand for government services.

The Treasury Board's budget for the Public Service bilingualism program will be cut by 20 per cent. It will be \$10 million lower next year than it is this year.

The Canada Manpower Training Program will be changed. Training allowances will not be indexed and the rules for eligibility will be modified. This will mean that expenditures next year will be \$20 million less than they would otherwise have been.

The Local Initiatives Program will undergo major changes. Its budget for next winter will be \$35 million less than this winter. I must point out, however, that the Government is very concerned about the possible impact of spending cuts upon rates of unemployment throughout the country. We will be watching this situation very closely. Should the need arise, we will not hesitate to intervene to stimulate employment.

Aid budget limit

For one year, the budget increase for foreign aid will be limited to 10 per cent — less than half the annual rate of increase during the past five years.

The Department of External Affairs will be required to finance any badly needed new post abroad by reducing the expenses of existing posts.

The Government will introduce legislation to produce a saving of \$10 million on its contribution to crop insurance.

Government grants to industry for research and development will be at least \$9 million lower next year than they are this year.

Grants for research in medicine, the physical sciences, the humanities and social sciences will be frozen at this year's levels.

The Department of National Defence will reduce its headquarters staff by 10 per cent, thereby saving \$5 million in civilian salaries, and releasing military personnel for essential duties outside the national capital area.

Family allowance payments, which are ordinarily increased each year to compensate for the rising cost of living, will remain at the same level next year as they are now. This decision to suspend indexing for one

year will reduce Government spending plans for next year by more than \$200 million.

The Department of Public Works budget for the construction of new government buildings will be \$30 million lower next year than this year.

* * * *

I cannot promise you that the battle will be won in a matter of months. It will take time for a program of national restraint, in company with appropriate fiscal, monetary and other policies, to exert a real impact upon the rate of inflation. It will take time for us to accept self-discipline as normal and expected behaviour, rather than as heroic sacrifice. It will take time for us to learn to reduce our expectations; but we must retain our resolve.

We are in for a long struggle.

This is the blunt truth which must be realized by every Canadian. For Canada and the world have entered a new economic era, filled with both danger and hope.

* * * *

Bennett beats Barrett in B.C.

Premier Dave Barrett's New Democratic government in British Columbia was defeated on December 11 by the Social Creditists, led by Bill Bennett, son of W.A.C. Bennett, who had been the B.C. premier for 20 years until 1972.

Of the 55 seats in the provincial legislature, the Socreds won 37, New Democrats 16 and the Liberals and Conservatives one each. In the 1972 election, the New Democratic Party won 38 seats, Social Credit, 10.

In the December 1975 election, although the NDP polled 39.2 per cent of the popular vote, almost the same as in 1972 (39.59), most of the 1972 Liberal and Conservative support went to the Socreds, who polled 49.2 per cent of the popular vote, compared to 31.16 per cent in 1972.

Premier Barrett was narrowly beaten in his own riding of Coquitlam, Vancouver, by George Kerster, a used car dealer. Barrett had 17,823 votes, Kerster, 17,990. A recount was probable. Seven members of the NDP cabinet also lost their seats. This was the first time a socialist government had been defeated after only one term of office.