

*Anti-Inflation Program*

for a long time. We all wish him well. If he can win, we will be safe.

**Some hon. Members:** Hear, hear!

**Some hon. Members:** Oh, oh!

**Mr. Chrétien:** I said when I tabled the Blue Book at the beginning of last year that it was the first time it was done. I stuck my neck out and said that the Blue Book plus the supplementaries next year will be an increase of not more than 16 per cent, as the hon. member said, and I am still within that. Perhaps at the end of the year it will be around 15 per cent, and for next year I am not in a position to say it will be more than 15 per cent or 16 per cent because there are still other decisions to be made before I come into the House with the next Blue Book. I hope it will be in that range, but I cannot be precise at this time.

Next year I will try to give the complete picture and to be as accurate as possible, just as I have done this year. However, at the same time I should like to say that when expenditures were rising 24 per cent and 26 per cent before this year, the hon. member and some of his colleagues did not believe me when I said at the beginning of the year that we would keep the increase under 16 per cent. I am very happy to report to the hon. member that that will be the case this year.

**Mr. Stevens:** Following upon what the minister has said, would the minister agree then that he has really told us nothing new tonight concerning future spending, and that if we consider the budgetary spending this year of \$30 billion, what the minister is saying is that next year it will be \$34.5 billion, whereas if the \$1.5 billion had not been eliminated from the requests the minister was faced with, it could have been \$36 billion? If the minister wants it on a national account basis, if we stay within 15 per cent we will go from \$36 billion to approximately \$41 billion; is that correct?

**Mr. Chrétien:** I am sorry I have to repeat myself, but it is very difficult to make things stick in the mind of the hon. member.

**Some hon. Members:** Hear, hear!

**Some hon. Members:** Oh, oh!

**Mr. Chrétien:** However, I think those figures will speak for themselves when I table the Blue Book at the end of February.

**Mr. Stevens:** The minister referred in his speech to holding the increase in the public service to, I believe, a 1.5 per cent increase. Would the minister indicate how many extra public servants that represents?

Secondly, why is it necessary to have an increase when the minister says in the same speech that there are people who may not have their jobs any longer and that the government will try to see that they are replaced in some other department?

**Mr. Chrétien:** There are 1,000 people involved in the exercise of cutting some programs and institutions. Those people will be kept in the civil service. I cannot be very

[Mr. Chrétien.]

precise at this time about the figure. I can get it for the hon. member. There will be an increase in the total of about 4,500 new civil servants. The hon. member asks why, and I must reply that we need 300 to 500 people for the anti-inflation program.

**Mr. Stevens:** It was 200 originally.

**Mr. Chrétien:** We must hire more RCMP to provide security, and we need a few more guards to keep prisoners in jail. We have some programs of that nature for which we still need people, and I think most hon. members on the other side will agree that we should have a few more good policemen. Of course, they are not included in the 1.5 per cent, but that is not a very large increase, and for the majority of departments there will not be more, but many less, people working in them than there are this year.

**Mr. Leggatt:** I wish to take the minister back to the problem of deciding to eliminate indexing with regard to family allowances, thereby hurting people on low incomes, yet rejecting the possibility of eliminating indexing with regard to income tax, which could have yielded millions of dollars of additional revenue to the government. Would the minister advise the House why the government rejected eliminating indexing on income tax and yet eliminated indexing of family allowances, which will deprive low income families of their family allowances?

**Mr. Chrétien:** The question of indexing the exemption on taxes is a problem the Minister of Finance (Mr. Macdonald) could deal with in his budget. That is not my jurisdiction, but I wish to point out to the hon. member that this method was chosen for the reason I explained earlier. It will be suspended for one year. However, if we had stayed at the level we were at in 1972 and increased by indexing every year, it would be much lower now than it is, but we had the foresight to triple family allowances. However, at the same time we cannot afford everything, and that was one of the difficult choices we had to make. Of all the social programs, we felt that to suspend this one for one year would be less painful because 60 per cent of the families receiving family allowances earn about \$12,000 a year, and those people at the bottom of the scale can go to the provincial governments, and whatever they receive will be paid 50 per cent by the federal government.

**Mr. Leggatt:** Some of the rather agonizing problems the minister obviously had were with regard to the environment, cutting back subsidies to passengers on railways, cutting back anti-pollution equipment in federal facilities, and cutting back other environmental services. Would the minister tell us how big that latter cut is? Will the minister admit to this House that he is now trading off the environment for the economy, and that that is now the policy of his government?

**Mr. Chrétien:** I think the hon. member likes making sweeping statements like that. I do not know the exact amount of the cut referred to, but it is perhaps \$20 million out of a program of about \$500 million. I think it is a minor cut. To make a sweeping statement that we are cutting environment—what we are doing is reducing the rate of growth because we cannot afford to go as fast as we were going in the previous year.