

*The Address—Mr. Drury*

today as when they were introduced, or whether they have now served their purpose and should be eliminated or curtailed.

No government and no institution can afford to do at once all of the worth-while things that it would like to do and which it is requested to do. This means that governments must plan to ensure that, within the means available, those things are accomplished that are most urgent and most desirable.

Governments must ensure that their scarce resources are being applied to the most urgent and useful purposes. In light of this background, the government concluded that deficits could not be allowed to continue year in and year out and that, in current economic circumstances, the appropriate manner to remove the prospect of a deficit was by controlling assiduously the expenditure side of the budget.

Some high priority programs, including the shared-cost programs which I have mentioned, will require increased expenditure. But the majority of programs and activities cannot be allowed to increase in expenditure if we are to reach our budgetary objectives without an increase in taxation. The government, therefore, has set as its main guideline for preparation of the 1970-71 estimates the requirement that all programs and activities not referred to for specific treatment in other guidelines, would be frozen at current levels of expenditure.

What does this mean in clear, simple terms? This means that all cost increases, including salary increases, must be absorbed within the limits imposed by the dollar levels reflected in the 1969-70 estimates. This will necessitate painful reductions in operating budgets; the items for travel, advertising, use of consultants, supplies of all kinds and so forth. Far more important, it means a reduction in the size of the public service. Because salaries constitute the largest single item in operating budgets, departments will have to cut their work force in order to live within these dollar limits.

There has been a great deal of speculation about what this will mean, and prophets of gloom and doom have been raising the spectre of thousands of public servants being summarily dismissed from their jobs by a callous and unfeeling government. What are the facts?

Before the beginning of this fiscal year, the government reduced authorized levels in the public service by about 9,000 man-years. The government has since decided that, of the

positions that were vacant at the end of July, more than 10,000 will not be filled. For the coming year, the expenditure ceilings resulting from our hold-the-line guideline will mean, as the Prime Minister stated, from 5,000 to 7,000 fewer people on the federal payroll than there were at the end of July. Taken together, these reductions add up to 25,000 jobs, or a 10 per cent decrease from the 1968 authorized size of the public service.

I hasten to emphasize that this does not mean that 25,000 employees will lose their jobs. Nor does it mean that even 5,000 will be laid off. Normal attrition through retirement, resignations and the like amount to about 10 per cent of the work force each year. This has greatly facilitated the adjustments required in the past year and will facilitate those that will have to take place in the coming months. There will be some lay-offs. This is so because the jobs which become vacant through attrition are not necessarily in those programs where reductions will have to be made and the skills required to fill these positions may not be those possessed, even with retraining, by employees in other programs affected by the guideline.

To give an example, if a doctor leaves the public service and is to be replaced, it would be impossible to fill his position by transferring an employee from a program in which there were some cut-backs unless that employee is a doctor. This task of matching surplus employees with vacancies occurring through attrition is one which the Treasury Board, the departments and the Public Service Commission are dealing with, and the completion of which is fundamental to determining how many employees and of what kind will be able to be re-assigned or relocated.

This process is now going forward and the number can only be determined as departments complete adjusting their programs to these guidelines. I might emphasize here that, while the numbers game captures headlines and provides a certain dramatic interest, our main concern is with the individual.

Given the fact that the expenditure guidelines would necessitate a reduction in the size and composition of the public service, and knowing that the effects of the guidelines would vary among departments and among occupational groups, the government announced its decision immediately it was taken in order that departments would have the maximum amount of time to plan adjustments in their programs; that individual

[Mr. Drury.]