

Anti-Inflation Program

will be dismissed, but there might be some who, because of their very specialized skills, because of their age, or because of their unwillingness to move, will be forced to take an early retirement or try to find a job elsewhere.

With regard to the second part of the question, I think the program of decentralization so far is taking place in areas which we have announced. We have just announced two parts of this program lately: an organization from the Department of National Revenue of the taxation branch located in Winnipeg, and the pay system in the Department of Supply and Services which has been located in Matane. There will be other announcements of that nature, all in areas in the public service where there is either a shortage of labour in Ottawa or a problem of space. This will not affect the level of employment in the national capital region.

Mr. Baker (Grenville-Carleton): I am referring to page 5 where the minister referred to a cutback in the amounts of money available for the salaries of those who are hired to replace employees sent on language training, a cut of some 20 per cent. What is the intent of that statement, aside from the cutting of funds? Is it the intention not to hire people to replace members of the Public Service who have gone on language training, or is it the intention to reduce the number of public servants who are sent on language training?

[Translation]

Mr. Chrétien: Mr. Speaker, I think that the program we have announced as well as the reduction in the number of new positions will enable us to have this cut of \$10 million without substantially affecting the program enabling civil servants to learn the other official language when they get a bilingual position by way of competition. We also believe that through closer control over the system we can reduce the amount of expenditures, but the majority of these \$10 million will come from the reduction in the growth rate of staff in the public service. In the year 1975-76, the growth rate was 3.1 per cent and it will be only 1.5 per cent next year. All these measures will make us save money.

[English]

Mr. Ritchie: Mr. Speaker, first can the President of the Treasury Board tell us approximately how much Crown corporations can borrow from the Treasury Board and privately, and second, during these times of restraint will these corporations borrowing in the private market be under the control or supervision of the Treasury Board?

Mr. Chrétien: Mr. Speaker, I cannot give the hon. member the figure off the top of my head. It is many millions of dollars, perhaps \$4 million of \$5 million, I am not sure. He can make the calculation; I do not have the exact figure. These Crown corporations will remain under the financial supervision of the Treasury Board and the Department of Finance because we still control their budgets.

Mr. Rodriguez: Mr. Speaker, I would like to direct a question to the President of the Treasury Board. I noticed that in his presentation tonight he mentioned that there will be a 10 per cent reduction at the defence staff headquarters. Can the minister tell me why he did not consider eliminating the \$200 million which he intends to spend on

tanks and armoured cars from Brazil? I do not think we are in imminent danger of being invaded by enemy forces. Is that not something that could be put off? I am referring to the \$200 million expenditure.

Mr. Chrétien: These expenditures will not be occurring right away. Of course one of the problems with regard to national defence with which we had to cope is that for the last five or six years the government has not spent any money on buying new equipment. Because of our commitments in NATO and NORAD we have some obligations, and after so many years of not spending on capital expenditures we have decided this year that we must proceed with some buying of capital equipment. However, most of those payments will be made in the future and not in this year so I think that is why, if the suggestion of the hon. member were to be accepted, it would not be reflected in the budget of next year, or perhaps just partly.

● (2150)

Mr. Rodriguez: With regard to family allowances, we are presently discussing a bill which would amend the Unemployment Insurance Act. One of the things that bill will do is remove the dependency rate. The minister in charge of that department argued that family allowances have been indexed, and that was the rationale for eliminating the dependency rate. Can the minister who made the statement tonight, the President of the Treasury Board, tell us what is the rationale for this decision to remove indexing of family allowances? Does he not think that is contrary to what is being done in another department?

Mr. Chrétien: That is one of the difficult decisions we had to make, but hon. members should remember that we tripled family allowances in the last few years.

Mr. Rodriguez: And taxed them.

Some hon. Members: Be quiet.

Mr. Chrétien: People at the lower end of the wage scale have exemptions. This was not an easy thing to do, but we did triple family allowances over the past few years. They were increased last year because of the increase in the cost of living. We had to find the money. The money was not hanging in the air. One of the reasons for this decision is that 60 per cent or 70 per cent of families receiving family allowances earn above \$12,000, and for those who are at the bottom of the scale there will be some hardship. However, they can always go to the provincial governments and receive some compensation if they really need it, and of course under such a program we pay 50 per cent of the cost.

Mr. Stevens: Mr. Speaker, on October 30 as reported at page 8704 of *Hansard*, referring to the current spending estimates of the government, the minister stated that in the current year there would be less than a 16 per cent increase compared with last year. He said, and I quote: "It will be less than 15 per cent next year," meaning the fiscal year 1977. Would the minister indicate if he still sticks by the commitment that the spending increases will not be more than 15 per cent in fiscal year 1977?

Mr. Chrétien: I am very glad that my speech brought the hon. member back into the House. We have not seen him