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Government cuts spending following Prime Minister's pledge

A reduction of \$1.5 billion in federal expenditures was announced by Treasury Board President Robert Andras on August 16, following Prime Minister Pierre Trudeau's recent commitment to cuts in spending and a major reordering of the Government's priorities.

Of the \$1.5 billion, some \$1.25 billion would be cut this year and next from specific programs, and another \$250 million from administrative costs, in virtually every federal department and agency. The amount of \$1.5 billion, said Mr. Andras, was in addition to \$965 million in reductions that the Government had achieved through a "determined cutting exercise that began in April". Further "substantial" cuts would be announced in the coming weeks (see box Page 3).

Mr. Andras described as follows the background to the Government's decision:

* * * *

You will remember that for the present year, 1978, I announced in February that the Federal Government would be spending \$48.8 billion. In his budget, Mr. Chrétien announced we would be reducing that figure by \$350 million. I can tell you tonight that we will meet that target and better it by at least \$100 million. That means that in the current year, we are cutting the budget by close to half a billion dollars.

Planned expenditures

That deals with the current year. Let me turn to planned expenditures.

You may recall that we are committed to keeping the rate of growth of Government expenditures within the growth of GNP. We have to pay our bills like everyone else, and that means the budget has to grow just to keep the same level of service, to pay our armed forces, to keep our railways and ports running, and above all to maintain the buying power of senior citizens.

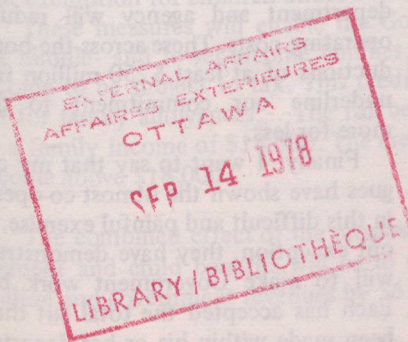
My ceiling for next year was a maximum of 10 percent growth. As our budgetary plans developed, it became clear we were breaking through any acceptable ceiling for Government expenditures. What I recommended to the Cabinet today, and what all ministers have agreed to, is to get back to our ceiling and, in fact, well below it.



Robert Andras

This means that we will be under the 10 percent goal next year for growth of the federal budget. In fact, we should be under 9 percent.

Where does this leave us in terms of the \$2 billion the Prime Minister announced two weeks ago? The Prime Minister spoke of cuts in current and planned expenditures, and of reordered priorities. Today's decisions contribute \$1.5 billion towards the \$2-billion target. (I repeat,



Twenty six years ago today...

The Canadian Broadcasting Corporation made its first official television transmission from station CBFT in Montreal. CBLT-TV in Toronto followed two days later.

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