

Savings of \$20 million will be made in the Canada Manpower training program by cancelling the indexing of allowances and changing the selection criteria for trainees. The federal government makes extensive grants to aid research by non-governmental organizations. Funds for grants by the Medical Research Council for medical research, by the National Research Council for physical science research, and by the Canada Council for research in the humanities and social sciences will be frozen in 1976-77 at 1975-76 levels rather than increased as in the past to at least compensate for inflation and usually to increase scope. Thus the councils will have to give fewer, or effectively smaller, grants.

While still recognizing the importance of encouraging development in slow-growth regions, the government is freezing the budget for regional economic expansion at the level of 1975-76.

[Translation]

The Department of National Defence will reduce its headquarters staff by 10 per cent, thus releasing military personnel for duties outside the National Capital Area. There will be some consolidation of military bases in the interests of greater efficiency and some bases will be closed. The government provides large amounts to finance the deficits of some Crown corporations or by way of loans for their capital expenditures. Various actions are being taken to reduce the amount that would otherwise be disbursed in this way.

The CBC obtains about 80 per cent of its funds from appropriations, the rest from revenues. Appropriations for the CBC next year will be increased only to the extent necessary to cover the inflation in operating and capital costs and the costs of covering the Olympics; previously planned growth will not be financed; the allocation to the Farm Credit Corporation is to be reduced below the allocation for 1975-76.

The Canadian National Railways and the Export Development Corporation will be directed to seek much more of their loan requirements from the same commercial sectors as private corporations so as to reduce the drain on the public purse.

Loans through the Ministry of Energy, Mines and Resources for energy projects will be deliberately held to substantially lower levels in 1976-77 main estimates, about \$40 million less than those that appeared in the main estimates of the previous year.

Social Expenditures. We are inevitably led in an exercise such as this to social programs since they account for so very much of the total. The programs of the Department of National Health and Welfare make up more than one-quarter of all federal budgetary expenditures. There are social programs in other departments as well.

[English]

I therefore must announce that there will be no Opportunities for Youth Program next summer, and that in the winter of 1976-77 the LIP program will be reduced in cost and confined to high unemployment areas. This winter's LIP program, since it is now under way, will be allowed to continue. The government will stop providing financial support to the Company of Young Canadians at the end of

Anti-Inflation Program

this fiscal year. The travel and exchange program of the Secretary of State Department will be discontinued.

Every year, for many years, Canada has increased its aid to the less well developed countries of the world, so as to donate a greater and greater percentage of the gross national product. In 1976-77 that progress will be halted—only temporarily, I would hope, as the progress should be resumed when our fortunes improve. Next year foreign aid will still grow in dollar terms though it will decline in terms of the GNP.

● (2020)

We will also suspend for one year the indexing of family allowance payments, which would otherwise have increased by \$200 million in 1976-77 over 1975-76.

Decisions about these last two items—foreign aid and family allowances—were taken with the greatest reluctance. But the fields of foreign aid, costing \$1 billion, and of transfer payments to persons, costing several times that much, could not be overlooked in any serious effort to hold down expenditures.

[Translation]

I have mentioned the amendment to the Senate and House of Commons Act. Several other pieces of legislation will require amendment early in the new year to give effect to these reductions, including: the National Transportation Act, the Railway Act, the Maritime Freight Rate Act, the Atlantic Region Freight Assistance Act, the Adult Occupational Training Act, the Company of Young Canadians Act, the Crop Insurance Act, the Industrial Research and Development Incentives Act, the Family Allowances Act, Appropriation Act Number 2, June 26, 1970, Vote 25 (Department of Supply and Services—as it pertains to Information Canada).

[English]

Several of the expenditure reductions entail as well a reduction in manpower. I want to say a word to quieten as much as possible the concern of those public servants whose jobs will disappear.

Some hon. Members: Oh, oh!

Mr. Chrétien: I take it very seriously.

Some hon. Members: Hear, hear!

Mr. Chrétien: Employees whose jobs are no longer required will, as far as possible, be reassigned to jobs which are or will become vacant in other parts of the public service. Employees will be retrained or moved to another location if this is necessary to facilitate the reassignment.

Only when reassignment efforts fail will employees be laid off or retired, and then they will receive the normal severance pay and retirement benefits.

These procedures were developed in co-operation with employee union representatives who have already been informed of areas where lay-offs could occur, and they will be further consulted in this regard.

After all the reductions are made, totalling more than \$1.5 billion from the levels we envisaged in November—

Some hon. Members: Mismanagement!