

accounts are presented to parliament, there is no question that they will show once again we have controlled spending within the expenditure ceilings set and declared well in advance of the fiscal year.

● (1510)

**An hon. Member:** Nonsense.

[*Translation*]

**Mr. Buchanan:** Let us examine the facts. For 1976-77 we forecast an increase of 16 per cent over the previous fiscal year. The real increase was only 10.4 per cent or 5.5 per cent less than expected. The same thing happened in 1977-78, when the expected rate of growth was estimated at about 10 per cent and real growth was only 7.1 per cent. Last February my predecessor announced a ceiling of 9.8 per cent for 1978-79. That limit was reduced to 9.5 per cent in August and we expect to respect that target.

Today I am tabling the main estimates for 1979-80. We anticipate a total increase in government expenditures of 8.9 per cent. Total expenditures, estimated at \$52.6 billion, include budgetary and non-budgetary expenditures, as well as the expenditures provided for in the supplementary budgets to be presented throughout the year. Considering past performance, I can assure hon. members that the ceiling put on the grand total will be respected.

I want to stress that for the third year in a row the increase in total government expenditures has been under 10 per cent. That level of growth respects the government policy, namely that the increase in expenditures be smaller than the nominal growth of the gross national product which, according to forecasts, will be 11 per cent for 1979-80.

[*English*]

Achieving this goal has not been easy and I believe it is a measure of the calibre of my cabinet colleagues who have set aside their own departmental priorities in the harsh reality of spending restraint, for the common good of all Canadians.

It is because of the spirit of co-operation and restraint that I am able to table these estimates which call for total spending of \$52.6 billion, compared with the 1978-79 total of \$48.3 billion. They meet two very important fiscal goals. First, they carry through the spending reductions announced last August. An example of the effects of these reductions is that a total of 38 departments and agencies receive less money this year than last. The second goal was to keep growth in spending to less than the growth in the GNP. That too has been accomplished.

To prevent comparisons of apples and oranges, permit me to explain once again why spending growth is compared with nominal growth of the GNP. The government, like all purchasers of goods and services, must pay today's inflated prices. Therefore, the increases in spending must be compared with the GNP figures which reflect the influence of inflation. There has been some confusion in the past because some have made comparisons between the growth in spending and the real

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growth in the GNP, which is an inaccurate and improper kind of comparison.

As I indicated, Mr. Speaker, we met our fiscal goals. Another major outcome of the August expenditure reduction exercise should be noted. Our forecast at the time was that the cutbacks could lead to a reduction of 5,000 public service positions. These main estimates show a reduction of 6,685 person years, including the 1,400 person years transferred to the province for the operation of veterans' hospitals. The result is a real reduction of some 5,200 public service positions. I am happy to say this reduction will be possible with a minimum disruption of individuals in the federal public service work force.

In 1975-76, when we announced the restraint policy, growth in the public service was reduced to 4.1 per cent. The following year it was lowered dramatically to 1.3 per cent. In the 1977-78 and 1978-79 fiscal years, the growth was six-tenths of one per cent each year, about 2,000 positions. Now, after this period of stringent control, we have gone further and have actually reduced, in absolute terms, the number of authorized person years by a sizeable 2 per cent, reducing the authorized strength of the public service to the approximate level that existed four years ago.

The total authorized person years for 1979-80 is 318,435, which is just a shade higher than the 317,184 authorized in 1975-76. Compared with the current fiscal year, it reflects a decrease of 2.1 per cent. This has been a difficult achievement, particularly in light of the forecast growth of 1.9 per cent in the Canadian labour force. It should be noted that this is the fourth consecutive year when the growth in the federal public service has been less than the growth rate of the Canadian labour force. As a result, these fewer public servants are serving a larger number of Canadians. The number of public servants has not kept pace with the growth of the nation.

One object of this restraint is to reduce the role of government in the economy and leave more room for the private sector. It is clearly evident from last year's job-creation figures that the private sector responded positively and well when it created in excess of 400,000 new jobs for Canadians—

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

**Mr. Buchanan:**—a message that my colleague, the Minister of Finance (Mr. Chrétien) has had some difficulty in getting through to hon. members opposite.

In fact, when we look at the \$4,291 million increase in total budgetary main estimates for 1979-80 compared to the previous year, the effects of this government's economies become increasingly evident.

**An hon. Member:** The largest dollar increase in five years.

**Mr. Buchanan:** Of that increase, 57.5 per cent, more than half of the total, is accounted for by transfer payments to individuals, to other levels of government and in subsidies and other transfer payments. More than half the additional money being spent simply passes through the federal government's