

many of them are tied to such things as population growth, it is inevitable, given the present framework, for instance, of social security and related measures, that the cost of these programs is going to increase. So we are faced with both of these eventualities: first, the steadily rising increase in the expenditures that have to be undertaken under many of the headings that I have mentioned; second, the fact that Parliament and this government are by themselves powerless, in a sense, to change many of these commitments in view of their inter-relationship with the provincial governments.

● (12:40 p.m.)

Having looked at these figures it seems to me that, inevitably, there are two kinds of responses that are likely to come from members of the House, from editorial writers or from the general public. These responses will be as contradictory in nature as they are predictable. The first of them which many governments have had to endure is the criticism, levied at governments for many years, that governments are basically extravagant and wasteful. The second response, which I repeat is contradictory, is that despite the government's responsiveness to various representations from the public with regard to services and important measures, we are still not doing anything like enough, particularly for the disadvantaged in our society.

Let me add one or two other observations which are relevant to the figures before I attempt to comment in general upon them. I have said that the figures are dramatic and sobering. They are sobering for another reason which I have not mentioned. Over the last five years, that is, in the period between 1965 and 1970, I calculate that about half of the increase in government expenditures, or about half of the increase in the cost of carrying out government programs, has resulted from increased prices. In other words, we do not have three times as much in the way of health and welfare services now as might be suggested by the escalation or increase in our expenditures. The higher costs that have been steadily built into our economy have eroded the benefits of those services and have eroded their levels not only in the hands of the government but in the hands of recipients as well. That is a very sobering statistic and one that we ought to examine in the light of many representations that are made which say that the government should not be overly concerned about what is loosely called inflation or what I have called steadily rising prices. The truth is that we have not obtained the benefits in total that we ought to have obtained or that we might have expected from those added expenditures, because inflation or higher prices have done a significant job in cutting down the level of benefits that those services provide.

Something else which must be considered, and again this is a sobering kind of statistic, is the fact that over this decade I have been talking about, essentially the decade of the 1960's, the cost of servicing the national debt has increased from about \$800 million in the year 1961-62 to the point where today it is very close to \$2 billion. What this clearly shows is that in relation to the

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expenditures we have undertaken, and by that I mean the cost of the different commitments that have been made, we have not been able to generate sufficient new wealth or sufficient new productivity, if you like, within the country to make sure that these expenditures are covered out of our current income; and, basically speaking, we have in a sense fallen behind each year. I am aware that that is an over-simplification of a very difficult problem and that there are plenty of arguments that can be made in favour of a healthy economy supporting a larger debt load and being capable of carrying larger servicing charges.

When one looks at developments over the past ten years one is forced to ask this question: How much more are we capable of doing? Let me attempt to answer two questions relating to the extravagance of government and the fact that we are wasteful and so on. Incidentally, I do not believe that these criticisms, when they are heard, are specifically aimed at any party which happens to be in office at a particular time.

I believe it is a general kind of indictment that is aimed generally at politicians. I do not doubt that there is waste and anybody would be foolish to suggest that there is no waste in government. I have had enough experience in business to know that any large organizations, be they private or public, are bound to contain certain built-in waste factors. While it is important and incumbent upon us as the people who have the responsibility for governing to get the top value out of every dollar, to get as much value as we can conceivably get, it will be rather foolish to anticipate that such managerial savings alone would, of themselves, generate the kind of funds that are necessary for a reduction in present levels of government spending, the maintenance of present levels of spending, or for finding the additional dollars which are needed to support new programs.

One hears much criticism of government, which perhaps at one point of time is more justified than at another, to the effect that we do not operate enough in terms of business practices and that we do not cut out programs which are no longer necessary; also, that the real way for us to get funds that may be needed to institute new developments and to take on new projects is to take a look at what we are doing and transfer moneys, as it were, from some of the basically non-productive programs and put them into something else. This House knows what the effect of that kind of exercise is. All those who have any background in the business field and who have entered public life will recognize that business practices do not always work in governmental fields and programs; nor should they.

I suppose there is an element of truth in the old adage, attributable originally to Mr. Wilson, that what is good for General Motors is good for the country. Nevertheless that tends to reflect the kind of tunnel vision that many business spokesmen tend to suffer from when they talk about government operation, although, without doubt, we are not in any position to adopt a holier-than-thou attitude in this regard. After all, Mr. Speaker, politicians, union leaders, students and, to a growing extent, mem-