

tant, is the fact that tonight in the other place the budget of Information Canada will be the subject of what is now known as a notice of opposition, in which opposition parties will raise the question of the desirability of Information Canada being provided with an appropriation of any kind.

Whatever the outcome of that debate and vote in the other place may be, it would certainly seem to indicate the advisability of the Standing Senate Committee on National Finance having decided some weeks, perhaps some months ago, to make a detailed investigation of Information Canada. From the point of view of the estimates, what stands out is the fact that Information Canada was constituted by a vote in supplementary estimates. Perhaps some of the problems of Information Canada may well stem from that extraordinary and very undesirable method of setting up a government agency.

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In fact, the National Finance Committee has in earlier cases deprecated this type of use of supplementary estimates. I presume that when the committee reports on Information Canada, it will have something to say about this extraordinary method of setting up an agency of the government. One would clearly expect that it would be set up under an act of Parliament which would clearly define the objectives and the powers of such an agency.

I might also wish to comment on the fact that the agency was set up with very limited powers. It was not set up as an independent agency, but under a minister through whom the agency reports to Parliament, with something very much less than the kind of independence that another major information agency has, namely, the CBC. However, no doubt these matters will be the subject of the report of the committee, which is now being drafted and I presume will be presented to the Senate before the recess, whenever that may be.

The overall figures in the current estimates, the blue book which is the basis of the report of the committee, are once again a distressing example of the galloping nature of federal government expenditures.

As they appear in the report, the current budgetary main estimates are \$18.3 billion, or perhaps \$18.4 billion, compared with \$15.7 billion in the main estimates a year ago, and compared with \$16.5 billion in the main estimates plus the supplementaries of a year ago. Whichever way you look at it, we have an increase in federal government expenditures this year of 11.1 per cent if we take the main estimates as they are before us compared with the estimated expenditures for the year; or, if we assume that there will be supplementaries, we are obviously faced with an increase in federal government expenditures this year of some 16 per cent.

The National Finance Committee, in its wisdom, over the years has recommended that in no case, in no year, should the increase in federal government expenditures exceed the increase in the gross national product. This would seem to be an essential part of ordinary wisdom, for the golden goose is obviously the gross national product, and if you keep on plucking it there will be no golden eggs laid to meet the expectations and demands of the Canadian public. Yet we are faced once again with a galloping increase, which is the largest single increase in any year in

[Hon. Mr. Grosart.]

peacetime in the history of this country—an increase, taken in the terms I have indicated, of some 16 per cent.

To indicate what has been going on, and the nature of what I call a galloping increase, perhaps I could put on the record what has happened in the last ten years. Ten years ago, in 1963-64, total government expenditures were \$6.8 billion, and in the following years they were \$7.2 billion, \$7.7 billion, \$8.7 billion, \$9.8 billion, \$10.7 billion, \$11.7 billion, \$11.9 billion, \$13.1 billion, \$14.8 billion, and, in 1972-73, \$16.1 billion. This year the budgetary estimates amount to \$18.3 or \$18.4 billion.

Of course, it is fair to say that the population has increased, and also that we are not talking about exactly the same dollars, as these figures are in current dollars. But even making those reservations we are faced with the situation where the federal government has increased its expenditures year by year at a rate which can only be called galloping.

We should examine these figures and ask ourselves: What is the end result; can this keep on going year after year? I am not going to argue that now, but there was considerable wisdom in the stand taken by the National Finance Committee, that the increase in federal government expenditures in any one year, unless there were extraordinary emergencies, should not exceed the increase in the gross national product. That increase, in the last year for which we have exact figures, is about 10.1 per cent in current dollars.

Honourable senators, I suggest that the situation cannot continue, that we cannot continue having an increase of 16 per cent in federal government expenditures against a gross national product increase of something like 10 per cent.

That figure of \$18.3 billion, which appears in the report of the committee, relates only to budgetary expenditures. It is in total magnitude a low figure, because if we are to get a true figure of the pay-out, the out-go of federal government expenditure—and that refers to the total amounts that must be raised by taxation, which is something like 89 per cent of the total revenue—we must then consider this basic fact, that the actual figure of the output, the requirement, the demand by the federal government on the tax base, this year is actually about \$19.2 billion, because I add to the budgetary figure the amount of \$893 million, which does not appear in the report of the committee but which is nevertheless to be found in the blue book, and which represents what are called loans, investments and advances.

It may be said that loans, investments and advances are all recoverable, and that therefore I should not use this figure of \$19.2 billion. But when I look at the review of government expenditures, I find that these loans, investments and advances are not all what they appear to be on the surface. They are not all recoverable loans. For example, the general review of government accounts, if I read it correctly, shows that some \$95 million of these are classed as "inactive." This word is used in the official review. I say it is an ominous word. When you start to say that loans are inactive, any banker will tell you that you are in a very dangerous situation.

Hon. Mr. Martin: I wish I had an inactive one.