

*Government Spending*

The Prime Minister (Mr. Trudeau) and members of the cabinet have started to criss-cross the country in some sort of crusade to convince Canadians that they must co-operate with the policy of controls imposed on them by the government. There is no question that they have a very big job on their hands to establish the credibility of this program, when one looks back at the history of vehement attacks made by the Prime Minister and his colleagues against any suggestion of price and incomes control. But having come round a full 180 degrees in their attitude, and having then embraced a policy of long-term controls on prices and wages, they in effect grant themselves an exemption from restraint.

The Prime Minister keeps telling us that the people of Canada have been calling for leadership in economic matters and that this is the reason why the new program has been put into place. He apparently does not understand that part of this leadership that the people of the country are looking for is restraint and responsibility in that area in which the government has direct control, which is the area of government spending. But let us put the matter of government spending into perspective.

In the first place, one does not have to be an economist or even a close observer of government affairs to see that spending in government has gone virtually out of control. Between 1973 and 1974 federal government expenditures increased from \$22,402 million to \$28,715 million, a spending increase of \$6,313 million in one year. The amount of this spending increase is greater than the total of federal government expenditures for 1958, which was \$6,176 million. If all federal government expenditures during the first 77 years of confederation were added together, the total amount of \$27,806 million would be less than what the federal government spent during the last fiscal year.

From 1867 to 1974 federal government expenditures have increased 209,247.6 per cent. Federal government expenditures in 1974 were twice the size they were in 1969, nearly three times the amount spent in 1961, and over 12 times the 1950 level. If expenditures were to continue to grow at the rate achieved between 1973 and 1974 they would double in less than three years.

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From 1969 to 1974 the general price level in the economy increased something in the vicinity of 44 per cent. Prices paid by consumers increased by 34 per cent, and prices for imports by some 43 per cent. At the same time prices paid by governments increased by some 50 per cent or 51 per cent, which indicates that the government has been more tolerant of price increases than any other sector and has contributed more to inflation than any other sector.

In 1974 federal government expenditure represented a daily spending of something in the vicinity of \$78.7 million; and in terms of hours and minutes this works out to 3.3 million every hour, \$54,600 per minute, or \$910.50 per second. This is more than a cash flow; it is a cash flood.

With respect to the size of the civil service, in 1970 there was one federal civil servant for every 78 Canadians. In 1974 that ratio was reduced to one civil servant for every 67 Canadians.

Finally, on an average basis every Canadian man, woman, and child paid \$1.06 per day in personal taxes to

[Mr. Hnatyshyn.]

the federal government in 1970. In 1974 every Canadian paid an average of \$2.08 per day in federal income tax.

With this history of almost mind boggling growth in government expenditures, it is inconceivable to me that the government can simply brush off any fundamental re-examination of its own spending habits.

The Attack on Inflation Paper takes some pains in trying to show that government expenditures cannot be reduced, or their growth even significantly moderated without adversely affecting transfer payments, aid programs, and the level of service to the public. Such a view ignores the question of whether a cutback in government programs may be necessary to achieve the more important goal of moderating inflation. Since inflation disrupts government programs it may be necessary to reduce the level of service in order to maintain service in an orderly manner.

The idea put forward in this white paper that growth in government expenditures cannot be moderated is, I suggest, unsatisfactory and far from conclusive. What the government has in mind in connection with moderating expenditures is a good question, and the answer is virtually nothing of consequence.

If one reviews the points raised by the Minister of Finance in this paper, trying to determine in what areas the government intends to make a reduction in expenditures, one comes up with the conclusion, I am afraid, that it is not going to have very much success, or that it is not very interested in that final result.

The reduction of federal employment growth to 1.5 per cent still will allow increasing of the federal public service by more than 5,000. However, the statement concerning the reduction in the rate of growth of federal employment is immediately qualified by a reference to the necessity to accommodate additional personnel required in connection with the implementation of the wage and price control program and other so-called essential services.

During the course of debate the Minister of Finance has indicated that he anticipates a complement of something in the vicinity of 200 persons in connection with the anti-inflation review board's activities. With the propensity of the government to use Parkinson's law as the basis of its employment policies and projections, I can well imagine that this will merely be a springboard figure for this particular body.

The government is committed to a program of controls on every segment of our society, and the Prime Minister has made his intentions abundantly clear in this connection. It appears more and more certain that before too long the government will be obliged to take whatever steps are necessary to ensure that this program is made applicable to everyone in Canada, as opposed to the selected groups and individuals now referred to in the legislation before us these days. We seem to be grinding on toward the most massive intervention into the affairs of individual citizens we have experienced in our country at any time, except possibly during war time, and the administration required to put this program into place will, therefore, also be required to be massive. This administrative nightmare will involve an extraordinary demand for personnel, and I anticipate that this in turn will cause extraordinary pres-