

million, arriving at a deficit of approximately \$7.3 billion last year.

Perhaps Liberal backbenchers have been told in caucus not to worry about that deficit because it is a hangover from the unemployment problems, and that if the economy increases at its potential growth rate, that it will disappear. The figures I have referred to put the lie to that claim on the part of the government. Even if full employment accounting is used, this government is in a deficit position. For example, in 1977, even if the cyclical adjustment is taken into account, the deficit will be to the tune of \$4.4 billion. Mr. Speaker, that is very, very serious. In its own Economic Review, the government admits that if this country were back to full employment the deficit would still be \$4.4 billion. Surely the need for an effective comptroller general is evident. It is not only the impact of these deficits that is important for consideration, but the fact that the deficits must be paid in order to avoid incurring additional debt, either foreign or domestic.

● (2022)

Again in this regard we have some startling figures. We find at page 89 of the same Economic Review to which I have referred that the total net debt of the federal treasury in 1976 was \$15.5 billion, while in 1978 the report shows the debt to be \$40 billion. In fact, the report shows a jump of almost \$11 billion between 1977 and 1978, and those figures are taken from the Economic Review of the Department of Finance.

Let me refer to the gross figures. The gross debt this year will be \$77.8 billion, compared to \$28.4 billion when the emperor first took power in Canada. These are some of the reasons I earnestly hope those on the government side will bring pressure to bear to ensure that the comptroller general is given a mandate which will be in truth meaningful as far as expenditure control at the federal government level is concerned.

Another interesting table in this Economic Review, which I am sure you have noted, Mr. Speaker, is Table 42 appearing at page 168 of the April issue. You will note here a sharp contrast between government price increases and the consumer price increase. I emphasize this because the government likes to represent that somehow or other inflation has been caused by labour, big business, the provinces or foreign disturbances and things of this kind. What the government rarely points out, although it knows this is true, is that the government has been in the vanguard in respect to increasing prices in the last ten years.

Table 42 points out the implicit price indices, which are the broader indices, rather than the consumer price indices. For 1968 this shows that personal expenditures on consumer goods and services, taking 1971 as 100, in 1968 stood at 90.8. That is on the personal expenditure side. On the government current expenditure on goods and services side the figure stood at 82.8. However, in the last ten years there has been a dramatic increase, not so much on the personal expenditure side as on the side in respect of government expenditures on goods and services. We find that this jumped from 82.2 in 1968 to 191.30, and again I emphasize that this is the implicit price

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index put out by the Department of Finance covering government expenditures as far as price escalation is concerned. In other words, based on the 1971 implicit price index for government expenditures the jump was well over 91 per cent. During the same period personal expenditures jumped from 90.8 to 158.

To express that based on the 1971 year equalling 100, we find that personal expenditures as far as price increases are concerned went up by only 58 compared to government expenditures which went up at the rate of nearly 100. When we consider the role of a comptroller general in this country we must bear these facts in mind. The truth is that it has been government expenditure, not only in volume but in actual prices, that has put this load on the taxpayer. Not only has there been an increase on the unit side; actual prices have skyrocketed as compared to price increases on the personal expenditure side.

I touch upon these points because I feel it is often overlooked, when we are thinking in terms of the weight of expenditure, who eventually pays the bill. There is no way the government can spend money and not pay, any more, Mr. Speaker, than you or I can. The fact is that when the government spends it must either pay for that expenditure through taxation or by borrowing money, which means the government is asking generations down the road to pay for those expenditures. Or it can take a third course, which this government is wont to do, and that is counterfeiting or printing more money in order to create a balance. That, of course, leads as much as anything to the inflation which this government likes to decry so much.

If that is so, that surely points out why it is absolutely necessary and essential that we get a better hold on government expenditure, and that is why I believe the move toward the establishment of the position of comptroller general is a welcome move; but only if he can be given the mandate he needs to do something effective in controlling these expenditures.

I recommend that hon. members read another Canadian Tax Foundation publication put out in January of this year entitled "The Expenditure Budget Process in the Government of Canada". It is authored by Douglas G. Hartle, professor of economics at the Institute for Policy Analysis, University of Toronto. He served as deputy secretary to Treasury Board from 1969 to 1973. Various comments are made in this little booklet concerning the budgetary process as well as the expenditure process in Canada. This was before the comptroller general idea came into being. Mr. Hartle points out that he hopes the Auditor General might be able to do certain things in order to get a better handle on the type of expenditure we have been discussing during this debate. At page 118 Mr. Hartle states:

To this end we propose that the Auditor General report to parliament annually on each program or project for which he carries out a financial audit. The report should answer the following questions.

- 1) Has the department or agency specified the criteria by which it wishes the efficiency and effectiveness of this program or project to be assessed?
- 2) If so, have these criteria been made public?