

\$6,061 million. For the year 1971 this figure is \$13,136 million.

When honourable senators compare these figures with the gross national product, they will arrive at 15.3 per cent for 1961 and 14.1 per cent for 1971, which represents a decrease as compared with the gross national product.

If honourable senators take the expenditures of provincial governments, including the same items as those comprising the total expenditures of the federal government, which I have just given, they will arrive at a percentage of 6.1 per cent in 1961, representing the percentage of the gross national product of expenditures for provincial governments, as compared with a percentage figure of 10.9 per cent for 1971. That is an increase of close to 4 per cent.

● (1410)

If you take expenditures by local governments, with the same ingredients as are in previous total expenditures quoted, you arrive at a net expenditure for the year 1961 of \$2.984 billion, as compared to a net expenditure in 1971 of \$8.977 billion. The expenditure in 1961 represented 7.5 per cent of the gross national product as compared to 9.6 per cent for 1971. Again, an increase of a little over 2 per cent.

Looking at the total expenditure for goods and services in hospitals, including gross capital formation, the total expenditures for hospitals in 1961 were \$856 million as compared to a total expenditure in 1971 of \$2.707 billion. Relating those amounts to the gross national product, the total expenditure for 1961 represents 2.2 per cent as compared to 2.9 per cent for 1971.

Honourable senators must take into account, when considering the relationship of total government expenditures to the gross national product, that these increases are not unique to Canada. In a previous debate on an appropriation bill I presented a table to the house which, as I recall, formed part of the *Debates of the Senate* of that date. I believe that was last year when I introduced a similar supply bill. The figures in that table were taken from a report on national accounts of OECD countries and were for the year 1968. I do not intend to repeat those figures, but on that occasion I underlined the fact that out of seven countries, including the United States, Japan, France, Germany, Sweden and the United Kingdom, Canada was the third lowest in terms of total government expenditures in comparison to its gross national product. The total expenditure on the part of all governments in Canada, as a percentage of the gross national product, was 29.7 per cent. As I say, these are 1968 figures. The total expenditures on the part of the Government of the United States, as a percentage of the gross national product, was 28.9 per cent. Japan was the lowest at 14.4 per cent; France, 34.5 per cent; Germany, 32.6 per cent; Sweden, 37.4 per cent, and the United Kingdom, 33.7 per cent.

Again, I suggest that these figures are worth remembering and taking into account when making comparisons between the total government expenditures in relation to our gross national product.

With that I conclude my remarks. I will remain at the disposal of honourable senators to furnish any additional information they may wish or to answer their questions to the best of my ability.

[Hon. Mr. Langlois.]

Hon. Allister Grosart: Honourable senators, I do not intend to take up much time of the Senate in discussing the bill before us. I made my remarks in general on the estimates last night in speaking on the report of the National Finance Committee. However, Senator Langlois has made some comments on my remarks. I appreciate the attention he has given to them and the very valiant attempt he has made to indicate that the situation may not be quite as bad in respect of galloping federal expenditures as I made it out to be last night. I cannot resist commenting on the three main categories in which he finds some comfort in the figures. He says, first of all, of course, that there is a difference between what he called the "statutory items" and the "vote items."

My first comment on that would have to be that they are both voted items. They happen to be voted at different times, but I personally place no stock on this argument that a distinction must be made between statutory expenditures and so-called voted expenditures, those for which new authority is required. It does not make a bit of difference whether these expenditures are under existing statutes or under new demands on the economy. If there is a relationship, surely if the expenses under the statutory section, which is about half the total budget, are going up, that is the best reason in the world for the government to restrain itself in additional expenditures that are not caused by existing statutes.

Senator Langlois also spoke about the difference the total figures would present if transfers to other levels of government were taken out. This, of course, is true. It is perfectly true that a very substantial part, probably \$5 billion in the total estimates, is represented by transfers to other levels of government, particularly the provinces, but also under certain acts to municipalities. Surely this is no excuse whatsoever for saying, "We could not help this budget going up." The fact of the matter is that every single expenditure in the estimates is a transfer—a transfer to a province, to a municipality, or to somebody living there. The federal government says, "We are raising this money under our power of taxation, and what we do with it is another matter. We may transfer some of it directly to something provincial; we may transfer some of it to an individual under various parts of our social legislation." I suggest, however, there is no validity in the argument that these very high expenditures, the highest increases in our peacetime history, are justified by the fact that some of it is transferred under existing or new statutes to the provinces.

The third point was that of national comparisons. All the figures Senator Langlois gave, which were excellent, did not register with me arithmetically item by item, but I think I got the general thrust of his remarks, which was that we are not so bad compared with other countries. I would suggest to him that such comparisons are not as valid as they appear to be on the surface. When we start to compare nation to nation we very often forget that we are a federal country and other countries are not.

It is absolutely essential to take into consideration the level of all government taxation in Canada. At the present time, federal government, provincial government and municipal government expenditures are about 40 per cent of the GNP. The tax take out of the GNP is 40 per cent of