

*The Budget—Mr. Kaplan*

comment. I should like to expose some of these themes now in the fresh air of this chamber and look at them.

To many Canadians the White Paper on Tax Reform contains the final evidence they require to establish that this government is socialistic, communistic or totalitarian. May I read a sentence from a letter I have received that runs in this vein. The writer says, "The purpose of the document on top of the Estate Tax Act is to set up a completely Socialistic state. Socialism cannot survive without totalitarianism and totalitarianism based on socialism is communism."

Not only are people saying that, but some people allege the government is dedicated to the eradication of capital in the private sector; that the government believes it can invest capital more wisely and profitably than the private sector and that there is a movement towards levelling all people, that is, putting them all into the same economic position by ignoring the role of incentives and disregarding the value of the individual's productivity. Ottawa is viewed as being intent on expanding itself, increasing taxes and its share of the gross national product for the purpose of building up a vast bureaucracy which will soon constitute the whole of the labour force. People see the public service as a monster gorging itself on the private sector. These are some of the underlying feelings of people in Canada about what is happening in Ottawa, and these are the things I should like to look at for a moment.

Do the facts in Ottawa justify these suspicions, Mr. Speaker? I submit to you that these underlying suspicions are unjustified and when you look at the facts you will find them different from what is feared. When I looked at the statistics, the problem was settled for me. The fact is that the federal government is not growing. It is declining in size relative to the economy. For example, the federal government has spent on goods and services, that is for the public service and all the work it does including all goods it consumes, produces and distributes, a percentage of the gross national product which has declined steadily since the end of the Korean war. In 1953, that percentage was 9.6 per cent of the gross national product; by 1968 that percentage had declined to 5.3 per cent. In other words, far from taking more from the economy, the federal government now takes less.

You know, Mr. Speaker, the government is constantly complaining about not having control over all its expenditures. The Prime Min-

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ister (Mr. Trudeau) spoke about this during the question period today. I am referring to expenditures which are based on shared-cost programs shared with the provinces, such as the old winter works program, grants to universities and medicare. These involve funds which the federal government raises in taxes and which are spent by the provinces. It is argued at federal provincial conferences that, ideally, these programs should be reviewed to see which government can control them better and that that government should be given the responsibility for these programs—that is, given the responsibility both to raise the money and to spend it.

When Ottawa complains about having to contribute to these programs over which it has no control, Ottawa is accused of having created them. It is felt these programs have built up the public sector at other levels and contributed in an indirect way to the growth of the government monster. Even though I agree with the principle that it is not efficient to have taxation at one level of government and the spending of the moneys raised at another level, the relationship I referred to a moment ago still applies, even if all the shared-cost programs are considered as coming under federal spending. That is to say, total federal spending, including money which Ottawa raises and hands over to other levels of government to spend, has steadily declined in terms of a percentage of the gross national product, the decline being from 16.8 per cent in 1953 to 13.6 per cent in 1968. These figures come from the independent research of the Canadian Tax Foundation and appear in "The National Finances for 1969-70".

• (4:20 p.m.)

There are other ways to measure the size of the government. Consider the size of the public service as a measure. People talk about Parkinson's Law and empire building. They conclude that the federal public service is burgeoning with the object of gradually taking over the whole of the labour force. The facts are the opposite. The number of federal government employees has declined since 1955, both as a percentage of the total Canadian labour force from 3.4 per cent in 1955 to 3 per cent in 1969 and as a percentage of the Canadian population. There is one exception to this rule of steady decline in the size of the public service. During the years of the Conservative government, under the leadership of the right hon. member for Prince Albert (Mr. Diefenbaker), 1958 to 1962, the