

*Control of Public Funds*

dous increase in the cost of operating the public service of Canada and the amount of money that has been spent by this government to pay for professional and consultative services since it took office. Everywhere you look today there are people working for cabinet ministers, with friends working for that cabinet minister's department in some way or other. Everybody who is a Grit in Canada is looked after by this government. Never in the history of Canada from 1867 has there been a government that has indulged in patronage to the degree that this government has done and continues to do. The way they throw the taxpayers' money around is nothing short of shocking.

**An hon. Member:** It is criminal.

**Mr. Coates:** It is worse than criminal, because what it is doing more than anything else is producing the inflation that we face in this nation. There may be unemployment in Canada, but there is very little of it among the Grits—and are they ever generous! For instance, in my province of Nova Scotia we discovered that one of Pearson's pets, Tom Kent, who was at first a special adviser to Mr. Pearson and then became a deputy minister in the public service of Canada, moved from deputy minister of the Department of Regional Economic Expansion to president of a Crown corporation. You can look at that as a promotion, I suppose; you can look at it in many ways. But it seems to me that Ottawa in one way or another was not happy with what Mr. Kent was doing in the Department of Regional Economic Expansion, so they sent him to Cape Breton Island to try to solve their problems there.

● (1530)

**Mr. Nielsen:** Aren't you lucky?

**Mr. Coates:** I do not know whether we are lucky or not. What really upsets me is that a man goes from the position of deputy minister of one of the biggest departments of government, to a Crown corporation in Cape Breton Island with an increase of something like \$15,000 in salary just to make the trip. I would have gone for \$15,000 more a year; I think anybody would.

What concerns me, Mr. Speaker, is that if you are a Grit and you are in need, then the payday is big if they decide to look after you. The only Liberal I know who has not been looked after by this government is Jim Tucker of Newfoundland. Poor old Jim really feels left out. This practice has been going on steadily since 1968, but it accelerated after October 30, 1972. That is when the people of Canada opened a whole new area in which the government could indulge in patronage. The way they have been looking after their friends is nothing short of a national scandal.

When I came to this House, Mr. Speaker, a minister had to sit over there, with his deputy minister and assistant deputy minister beside him, and he had to tell members of this House everything they wanted to know about the operation of his department. It was not just one or two ministers; it was every minister. Ministers had to appear before this House and before committees to answer questions posed by members about the operations of their departments.

[Mr. Coates.]

For the President of the Treasury Board to stand up with his bare face hanging out, suggesting to us that there is public scrutiny of the estimates today compared with then, is nothing short of ridiculous. He knows it and we know it. Some sense must be put back into the way the government is spending the taxpayers' money and the opportunity that parliamentarians have to scrutinize government spending. If we went back to the old way, Mr. Speaker, there would be much less patronage that the taxpayers of this country would have to pay for in order to look after defeated Grits, or Grits who cannot secure employment any other way. It must have been a happy day for them when the Prime Minister (Mr. Trudeau) said he was going to hang on, even by the skin of his teeth.

**Mr. Nielsen:** The Minister of Supply and Services (Mr. Goyer) is the greatest grab-bag of the bunch—contracts, without tenders, all over the place!

**Mr. Coates:** The minister has at his disposal a great many opportunities to make available to friends of Liberals all across the country whatever he feels they should have. He could be the dispenser of the biggest legacy of patronage any government has ever had.

Mr. Speaker, I would like to go back to the point I was making about how damaging this government's policies have been with regard to inflation. I should like to quote from an article written by Lubor J. Zink in the *Toronto Sun* on May 4, 1973. He was talking about the buying power of our dollar, which has dropped since 1961 to 62.3 cents. He wrote:

Since that framework is shaped primarily by our governments, blaming labour and business for inflation misses the ultimate source of the malaise.

For a comprehensive picture one has to look at government spending. Coming as it does from taxpayers' pockets, it has direct bearing on cost-price levels, for every increase in taxes finds reflection in higher production costs and consumer prices.

In 1952 federal government expenditure on goods and services amounted to \$3,620 million. Canada's population at that time was slightly over 14 million and gross national expenditure almost doubled (to \$6,608 million) while population increased by 28 per cent and GNP by 74 per cent. By 1972 government expenditure zoomed up over \$20.5 billion—more than three times the 1962 figure. Population during the last ten years grew only by 17 per cent (to 21.8 million) and the GNP, while topping \$100 billion at market prices increased only by 65 per cent in constant (1961) dollars.

In other words, government expenditure grew much faster, particularly since 1968, than population and the aggregate wealth the country generates. The root of the cost-price inflation that has by now cut the buying power of the 1961 dollar to 62.3 cents can thus be traced to runaway government spending that provided the impetus and "justification" for wage demands far in excess of what economic growth and productivity gains can sustain without currency debasement.

Mr. Speaker, that is what has been happening—and it has been happening because this government does not take seriously the operation of the country and the concern that should be shown for the taxpayers' dollars that are being pulled out of our pockets at a degree unprecedented in Canada's history. To support my contention about the type of pay increases that have been made available to public servants in this country, especially friends of the Trudeau government, I would like to quote from an article by Douglas Fisher which appeared in the *Toronto Sun* on May 14 this year. It reads: