

**Mr. Speaker:** Order, please. There are a number of hon. members seeking the floor and they will be recognized, of course. Would the hon. member kindly resume his seat? I think I owe it to hon. members to indicate that the Chair has felt it incumbent to bring to the attention of the Sergeant-at-Arms and the Clerk of the House that the staff of the House which has been here since nine o'clock yesterday morning should be given an opportunity to go home because they will be called upon to return here at nine o'clock this morning. The restaurant has been closed as of 3.30 this morning, and the reading room has been closed.

● (0330)

From now, hon. members are on their own. I bring this to the attention of the handful of members still here.

**Mr. Knowles (Winnipeg North Centre):** How about sending the *Hansard* staff home, too?

**Mr. Speaker:** Of course, the Chair is here to listen to hon. members who want to continue without the staff of the House of Commons.

**Mr. Reg Stackhouse (Scarborough East):** Mr. Speaker, despite the critical nature of the topic we are debating, one has to feel that this debate could be described as a form of mental masturbation; that is, satisfying but fruitless. Regardless of what is said in this debate, the result is going to be nil. The government is not going to do anything about inflation beyond the package of palliatives it has offered the country as a means of at least dulling the pain of inflation it is enduring. One of the reasons is not simply the intransigence of the government in its thinking, but also the fact that ironically the government cannot eliminate inflation because it needs inflation. Strangely, the government has a necessity for that which it professes to be counter-attacking. It needs inflation in the economy because it needs inflation in its revenue, and its revenue feeds upon an inflationary economy.

One of the strange facts of the government today is that it has built up such an inflated bureaucracy that it has a vested interest in inflation. When we speak of the cost of living, we are inclined to speak of rises in the prices of food, housing and the like. However, one of the major increases in the cost of living is the cost of government. The cost of the federal government has doubled since the year 1968 when the present administration took office. This growth has to continue. It is not something that has persisted just since 1968 and might very well stop now. It has to continue because of the built-in thrust and force that are part of the bureaucratic structure. This body the government has created is almost like a Frankensteinian monster.

The Minister of Finance (Mr. Turner) can say as he did in his budget speech of February 19 this year, that the government is determined to impose restraints on its own spending to avoid aggravating inflation. The fact is that the very nature of the government's program as developed over the years requires it to continue growing because of the built-in increments in salary scales, especially at the top level, that of themselves are forces for government growth and budgetary growth. For example, in the bureaucracy the government has developed in Canada we

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have the impressive and sad fact that the number of public servants in the scientific, executive and professional categories has increased by 23 per cent in the past three years.

Consequently, we have a sort of top-heavy structure by which thousands of public servants are earning \$20,000 a year or more.

In the Treasury Board Department in 1963 there were 150 public servants earning that salary. Today there are 319. In the Department of Finance ten years ago there was one. Now there are 80. In the Department of National Health and Welfare in 1963, 282 public servants were earning that salary. Today there are 508. In the Post Office 10 years ago, there were none. Now there are 146. In the Department of Agriculture there were none. Now there are 360.

In the armed forces, with a total strength of 82,000 at the start of this year, there were 110 generals. Canada had more generals than Kentucky had colonels. Indeed, we are the most "general-ized" armed force in the world. When you look over the rank structure of the armed forces you find that almost no one has the rank of private. It is a real distinction to be a private in the Canadian armed forces. It is for these reasons that Senator Arthur Laing, formerly of this government, said the senior civil service is overpaid and underworked. If people knew of the wild extravagances in the government and in the senior public service, there would be a hanging on Parliament Hill. Of course, capital punishment has been abolished—perhaps for that good reason.

We have a government built-in force for inflation. Just as the proverb states the appetite increases with eating, so the government's dependency upon inflation will increase. The serious side of this is that it prevents the government from doing anything for the people. For example, the government ought to move in the direction of helping people who are finding it difficult to obtain houses, or to carry the houses they have purchased. One reason the government cannot and will not do that is because of its great hunger for more and more revenue to feed this extraordinary bureaucracy which it has built up.

The government ought to eliminate the sales tax on building materials. The 11 per cent sales tax now adds something in the neighbourhood of \$2,000 to the cost of an ordinary urban home. The fact is the government has a vested interest in this inflation. The more the cost of building materials increases, the more the government's revenue from this tax source increases.

The government ought to help the income tax payer who is striving to have a home of his own by recognizing the interest on his house mortgage as a deductible item from his taxable income. In the past few months interest rates have gone up two points. I called three mortgage companies in Toronto in the last two days and found that one cannot get a mortgage in Toronto under 10½ per cent. In only March of this year 8¾ per cent was considered in the housing industry to be a high rate—but not now.

Therefore, on an ordinary mortgage such as \$35,000, increases in the interest rate mean you have to add a carrying cost in the first year of something like \$700. That kind of burden has been put upon the shoulders of the ordinary people trying to buy family homes. It has been