

May I point out in passing that \$200 million of the income which the minister is counting on is to be special receipts, I presume war assets. This reminds us that we shall be getting merely a modicum of the cost which we originally put out.

What does all this add up to? So far as I can see it means—no incentive to production, no relief from taxation—only more borrowing.

I know the minister felt that some sweetener was necessary for this sour budget, and so we have the minister hitting upon this curious plan of tax relief in the future. I believe this is the first time a Canadian Minister of Finance has dealt in "futures". If the minister is able in 1946 to promise relief for 1947, then why not in 1948 and 1949—like the man who sent out the Christmas card for 1946, 1947, 1948 and 1949.

Those who are skilled in these matters evidently may have suggested to the minister that he could get a double modicum of gratitude—gratitude for this year, and gratitude for next year for this relief. But my suggestion is that if he gets no more credit next year than he did this year he will have to enter it in red ink.

The minister has failed entirely to do anything to stimulate production in the immediate future, and notwithstanding his rather optimistic forecast it seems to me it is doubtful whether he is going to get the production that he wished. The minister in any event is telling us in one breath to produce and in the next breath is expressing his regrets that he cannot do anything to help.

So we have the worst of both worlds. And yet until the government can successfully grapple with the problem of reducing war-time expenditures, tax relief can never come.

Is there any sign that the government is grappling with the problem—this problem? If it cannot, then it is "just too bad"; because if it is not possible to make drastic reductions in our present expenditures—and I am speaking of our ordinary expenditures; not war expenditures, because we all understand that they are automatically falling—but if it is not possible to make drastic reductions in our ordinary expenditures, or, conversely, if the present expenditures have to be regarded as permanent, then I think our present picture is a very gloomy one, except indeed to those who feel that deficits do not matter, and about whom I shall have something to say later.

[Mr. Macdonnell.]

I should like to point out that if we feel, like the socialist Chancellor of the Exchequer in England and the private-enterprise Secretary of the Treasury in the United States, that budgets must be balanced, then we can get small comfort out of the present situation, which I maintain shows not the first sign of a beginning, let alone what Churchill called "the end of the beginning."

As I said a minute ago, let no one be confused by the sharp drop in total expenditures, because that was due to automatic decreases in war expenditures. What we are entitled to look at is the situation with respect to peacetime expenditures. I want to point out that the expenditures on the non-war departments have gone up some \$200,000,000. I should add quickly that a large part of that is due to interest—nearly \$100,000,000, I think—and a very substantial part is due to increases in family allowances. Nevertheless there have been other increases.

I suggested to the minister last autumn that a mere pious desire for economy would produce nothing. I ventured to say to him then that if he could not in some way continue to keep down the spending departments it would break his heart and, incidentally, he would not get results. I am beginning to think that my prophecies are coming true. We are entitled to ask for some real evidence of economy, and my complaint is that there is no sign of it. I propose to take as a test case what has happened in connection with the civil service, and I shall direct your attention to some figures there. But before I do that, I want to say this about the civil service itself. I want to make it very clear that anything I say is by no construction whatever to be regarded as criticism of the civil service, particularly the permanent civil service which had to carry on through difficult days and which has seen a lot of temporary people come in who were perhaps given more interesting and remunerative jobs. That permanent service has carried on in an admirable way all through the years.

I want to say a word about economy. We all recognize that economy is a difficult thing to achieve, and I think we all realize also that in government departments it is even more difficult to achieve than in business, and I know something about it in business. What happens is that you develop in each department a kind of little kingdom. No one wants to see his kingdom reduced. What happened