

in 1951, and it is anticipated that they will increase even more in 1952. These figures also represent a tremendous increase in our exports to Britain as compared with those in pre-war years. It is true, however, that there have been certain items, such as lumber, apples, bacon, eggs and salmon, which are not being purchased by Britain and other sterling area countries, a condition which is entirely due to their dollar shortage.

While Canada is prepared to play her part and assist in recovery, this is a problem which in the last analysis can only be solved by Britain herself. The present policy of the Liberal government is to develop active Canadian trade with every country in the world and to build up markets wherever they may be found. As this trade grows, Canadian prosperity will continue to expand with it. The tremendous achievements of the government fulfil a well-known French proverb, which is equally well known to English persons—"Nothing succeeds like success".

It is also true that the carefully-guided progress of Canada during the past dozen years is one of the economic marvels of the age. In fact, so rapidly has development taken place that financial and economic advisers were unable to anticipate the gross national product with accuracy, with the result that the actual revenue derived through tax levies produced a surplus over and above the expenditures required for the fiscal year. During the past few months much has been said about the so-called "surpluses". Coming as I do from a province where the prudent handling of financial resources is considered a virtue, many of us do not view with horror the fact that we are paying our way and having a little left over for less fortunate days; and the idea that we should pass on to future generations obligations which should be met now cannot, we feel, be considered prudent.

As already noted, these surpluses have been due to an unexpected increase in national production. The Budget is predicated on economic activity being at a certain level, and if that level rises the amount of the revenue collected similarly increases. This means, of course, that more people are earning more money and get into higher taxable brackets. It also means that people are better off after taxes are paid and increased savings are possible.

Actually the word "surplus" should not be used so loosely to describe this excess of revenue over expenditure.

At certain stages during the period following the outbreak of the Korean war, defence expenditures had not kept pace with the amount set aside for such purposes, owing to the need for re-tooling, the unavailability

of arms and materials to be purchased from other countries, and the necessary period required in going from a peace to a war-time footing. Further, Canada has yet to discharge a large national debt incurred during the war years, and if it is possible to reduce this indebtedness in prosperous years, how much easier it will be for everyone if times become less favourable and revenues are at a lower level. It was with this in mind that the net national debt was reduced between 1948 and 1952 by more than a billion dollars.

The hue and cry being raised by the opposition groups today throughout the land is that this surplus is the result of over-taxation. Although figures have been published to show the distribution of the tax dollar as applied to national defence, social security, interest, repayment of the national debt, transfer payments and subsidies to provinces, payments to veterans and other services, not one voice has been raised suggesting a reduction of any of these services. In fact, taxes on income are substantially lower today than they were in 1945, and much lower than in 1948, notwithstanding the additional 17 per cent for the new defence program following the outbreak of the war in Korea and a surcharge of 3 per cent necessary to carry old age pensions. An example cited is that of a married man with two children and having an income of \$3,000. In 1948 his tax was \$230; in 1949, before Korea, it was reduced to \$105, in 1951 it was raised to \$126 and again in 1952 to \$130. But of this last figure \$7 goes to pay for the old age pensions which he and his wife will receive in the amount of \$480 per annum for each of them upon reaching the age of 70 years.

A review of the present era of prosperity would not be complete without some reference to the effect of the government's social security and welfare programs.

One of the chief concerns of residents in my province, when confederation was first proposed, was the feeling that a great centralization movement would take place which would be prejudicial to the economy of Nova Scotia generally. There was a real belief that industry located in the central provinces would be harmful to the Maritime provinces and that a lower standard of living and lower income would result. The years confirmed those fears: the downward trend in the Maritimes materialized and the wealth of the central provinces increased. With the war, and perhaps as a result of it, a realization became apparent that if equal sacrifices could be made in fighting and dying for Canada, equal privileges and rights should be available for living in it.

With this in mind, the government, under the leadership of the late Prime Minister