

as against \$1,045 million by direct. So that the proportion is 49·02 per cent as against 50·08 per cent. In other words we are raising virtually as much by indirect taxation as by direct.

It must be admitted that, despite what I have said to the effect that relief is desirable, the problem remains to be solved as to how this relief is to be given. How is one to decrease indirect taxation and still balance the budget? The answer to that—and I think the only answer—is by reducing government spending. Then the question will be asked: How are you going to reduce government spending?

I have a suggestion to make in that regard to which I shall refer in a moment. But I should like to say this, that we remember last year hearing the Minister of Finance reproach the opposition because, as he said, "You criticize us for the level of our expenditures, and you say 'reduce them', but you come along later and say, 'spend more money on this and on that.'" I am reminded of the answer of the hon. member for Muskoka-Ontario, who referred the minister to the book of Genesis, where he would find words to this effect: "The woman tempted me, and I did eat." If that is the answer of the government I think it is an indication of a weak-minded policy. If they recognize the necessity to reduce expenditures and fail to do so because the opposition does not suggest methods of reduction, then I say that they ought not to continue in office any longer. It is the government's responsibility to reduce expenditures, and they cannot evade that responsibility by saying that we have not suggested means of doing it.

There are some interesting figures in this connection. First, the national income as compared with the pre-war figures is up some two and a half times, an estimated \$12,000 million this year as against \$5,000 million in 1938. At the same time national expenditures by the federal government are up four and a quarter times, \$2,100 million this year as against \$550 million in 1938. Our federal government's expenditures have increased four and a quarter times while the national income has gone up only two and a half times. On analysing the situation further it is found that the proportion of the national income taken in taxes by the federal government was in the neighbourhood of one-ninth to one-tenth in 1938-39 but in 1947 it had increased to between one-fifth and one-sixth. In other words, twice as great a proportion of the national income is taken by the federal government in taxes now as before the war.

The problem becomes still greater when we realize that the total cost in taxes to the

Canadian people of provincial, municipal and federal governments is over \$3,000 million. The last available figures from the Canada Year Book show \$3,231 million taxation revenue by all governments for 1943. That is over one-quarter of the national income of \$12,000 million. Admittedly that figure is for a war year, but it must be remembered that taxes by the dominion government are practically as high now as they were during the war, that taxes by most municipal governments are going up this year, and certainly provincial government taxes have not come down. So I think we are safe in assuming that the figure of \$3,231 million would be a fair estimate of the tax revenue today of all three governments in Canada, which means that over a quarter of the national income is being taken from the Canadian people by their governments through taxation.

This raises the question of whether there is not some duplication of services between these different forms of government, and whether some extravagance does not result from duplications which might be eliminated. To my mind this does not mean that the only method of eliminating duplication is by increased centralization. On the contrary, it suggests to me that a great deal of extravagance through duplication could be eliminated by increased decentralization, by the elimination of some of the things which the dominion government does.

One example is the cost of administration of family allowances. According to a return tabled in the house on February 27 in answer to a question of mine, the estimated cost of administering family allowances in 1947-48 was \$3,881,415, or nearly \$4,000,000. All provinces have social services and public and private welfare institutions which are already in this field. I see no reason why those services and institutions already existing could not assume some responsibility for this administration, thereby saving us some money. I know that there is a certain amount of political advantage to be gained from the fact that it is represented that the great and good federal government is actually paying all this money directly into the hands of Canadian families, but I suggest that the provinces could have undertaken a part of this administration although it might not have been quite so easy to say each time the cheque came in that it was a donation from the federal government. In answer to another question which I asked it was indicated by the Department of National Health and Welfare that the provinces had never been approached in this matter. There was no effort made to achieve a saving through