greatly enlarged home market. What does he think our people are going to do with their increased purchasing power? Where a man had two shirts and one pair of shoes he is now going to have an extra shirt and a pair of shoes for Sundays; he is also going to eat more meat and generally enjoy a higher standard of living, thus greatly expanding the home market. The domestic market is a much better market than the export market; and while Canada must always be an exporter of its basic agricultural products and those of the mine and the forest, we should take second thought about depriving ourselves of, much less lending the money for others to buy, what we so badly need for our own people. Why build locomotives for others when we need houses for our veterans? Exports financed by credits for which we do not immediately receive imports only add to the inflationary pressure.

The minister then mentioned the second most powerful influence in maintaining employment and production—private expenditure of a capital nature. Housing is mentioned as paramount among these. But nothing is done to stimulate the building of houses as was done for industry and labour in order to bring about war production. At the present rate of construction we shall never overtake even the most urgent cases which cry out for relief. On March 25 in this chamber I mentioned several cases in the city of Toronto; one, where there were no less than fifty-four people in one house—appalling conditions in this day and age. There is something wrong with the operation of a system which cannot provide houses for veterans and other citizens.

The minister then mentioned a third support of our reconversion period, and here drew our attention to consumer expenditures. Veterans' expenditures were singled out as having constituted a powerful influence in increasing the total of what consumers have been "trying" to spend. The minister must have blushed when he thought of his government's timing of the introduction of family allowances. Prices were referred to as being pulled up by excess purchasing power and pushed up by wage increases. We are told we must resist pressure, because the battle is nearly over and, I presume, victory is in sight. I do not propose to go into this vexed question at this time, but it will be interesting if the minister would tell the people of Canada what he means by "nearly over". A year has already gone by. Under his fiscal policies there is little early probability of supply catching up with demand unless he steers us into a depression. Nothing he has done has cured the disease caused by deficit financing. Price control poulticing only covers up the symptoms from the public gaze. The real answer, the constructive answer, the minister says, to the inflationary pressures existing at this time is to work and produce the goods that are wanted in greater volume, so that our greater buying power will result in more goods at reasonable prices, rather than fewer goods at higher prices. The real difficulty of maintaining price control lies in the government's deficits, which for the last five years have been as follows: 1942, $396,000,000; 1943, $2,137,000,000; 1944, $2,557,000,000; 1945, $2,558,000,000; 1946, $1,735,000,000, or a grand total for the five-year period of $9,383,000,000 of deficits—over nine billion dollars.

Total bank deposits have increased from $2,500,000,000 in 1938 to about $6,000,000,000. Active note circulation, that is to say, money in your pocket and in mine, has increased from $205,000,000 in 1938 to $1,100,000,000 in 1946, or an increase of over five times in note circulation. Compare these figures with the physical volume of business which in April of this year, the last month available, was 193 as compared with 100 as the average for 1935-39. That is the reason why many people will tell you that we already have inflation, and why the minister should tell the people of Canada how and when is the way out, if he really knows.

We remember that we had high war taxation and compulsory savings, not only to raise revenue but even more importantly to siphon off purchasing power and make it unprofitable to produce more goods for civilian consumption. These reasons are now largely gone, particularly the discouragement to the production of civilian goods; but the tax policies have not been put in reverse, as would seem logical if the minister is to attain his ends.

This, then, should have been a production-incentive budget. But is it? We have joined Bretton Woods in order that, in the international field, we may follow expansionist, not restrictionist policies, in helping to keep the economic ship of state on an even keel. Why not adopt expansionist policies in the domestic field also? People produce and work harder, or otherwise, because of the personal advantage or disadvantage in so doing. Surely, after the experience of the last few years, with workers refusing to work Saturday mornings and professional men taking extended holidays, this does not have to be elaborated upon.

Let us turn our attention to the personal income tax exemption. Single workers are now taxed after they receive $750 instead of $660; married workers after they receive $1,500