

How does the government propose to run our country's business during the present fiscal year? We are going to spend \$2,769 million and our revenues will fall short of this amount by about \$300 million. As well as raising the money to pay for this deficit, we shall have to raise some money, about another \$1,000 million, for the United Kingdom loan, the foreign exchange control board, et cetera; and I hope that the millions for the foreign exchange control board have not already been lost owing to the recent change in the value of the Canadian dollar.

One of the most interesting things about government finances, because it is one of the most unusual ways of doing business, is the method of spending before we have any idea where the money is to come from. This debate is only concerned with the ways and means of providing the money we have already spent or planned to spend. We may preach a stricture or two on economy; but the time to pull in our belts, so that we may be able to reduce taxation and let our economic machine run in high gear, is when we are making appropriations from a not yet provided tax pot. Parliament goes on its merry way as if there were no end to that pot. If we are to have an honest dollar we must cease this business of forgetting to look at our cloth before we cut our coat. Our estimated expenditures for this year of \$2,769 million, to say nothing of the extra \$1,000 million we must raise for capital account, is a substantial part of our gross national product or national income of about \$11,000 million. It is very nice to budget for a deficit of \$300 million, for it recalls Mark Twain's saying that he was resolved to live within his income even if he had to borrow to do it. We have almost come to the point where the government is looking after so many of our requirements that we have to ask ourselves, do we want to spend our own hard-earned money, or do we want the government to do it for us? Remember, the government does not create a red cent of it, not even one of those nickels which the minister is withdrawing from circulation. Taxes come from only one source—from the people.

Here I should like to quote a few words from Sir John Anderson, Chancellor of the Exchequer in Mr. Churchill's government:

It was very forcibly argued in the recent budget debate that all experience in modern states goes to show that when more than about 25 per cent of the national income is taken by the government in taxation, inflation results, for the reason that the public prefers to reduce the cost of the debt and other fixed charges by letting prices go up. As things now stand, when the immediate effects of the war have been worked off, the government will be taking no less than 35 per cent of the national income in taxation.

[Mr. Jackman.]

Perhaps I might add that inflation comes about unwittingly when 25 per cent of the national income goes in taxation, for then taxation becomes so discouraging that less goods are produced.

Canada's federal government's current expenditures alone, again leaving out capital account, are running about 25 per cent of our national income and with capital expenditures, about 34 per cent. We should all be this much better off if we did not have the federal government and its expenditures to support. I am not suggesting that we can do without it, but we must be careful that it does not crowd us out of our tent entirely.

The minister reviewed the reconversion period to date, and noted that 650,000 from the armed services had been released and that work or training had been found for them. Another 650,000 men and women out of war industry have likewise been released. The total number of unemployed is only 200,000, or about four per cent of our working force. There are at least 100,000 jobs available which could be filled if the government had any kind of civilian training programme to fit square pegs into round holes, as promised under the Unemployment Insurance Act.

How different these figures are from the gloomy prognostications of the government's economists and statisticians both here and in the United States who expected mass unemployment during the reconversion period. I have not the figures for Canada, but in the United States these experts figured out that the unemployment figures would reach about eight million this spring. But all the unemployed, including non-veterans, numbered 2,310,000. By May, 11,400,000 male veterans alone had been discharged in the United States. If we ever have a managed economy based on such miscalculations of the future, heaven help our national prosperity!

Nothing can take the place of free competitive enterprise. Our national income is more than double what it was in 1938. In face of our unexpected good fortune, the employment which has been made possible by free enterprise, one might have had good reason to expect some fair measure of relief from wartime taxation.

It is interesting to follow the workings of the minister's mind. He states that immediate economic considerations are of less importance in determining our present proposals than longer term economic policies and the necessities of dominion-provincial relations. Then he devotes a paragraph to the need for export markets if we are to maintain our prosperity. But there is not a word about our