

Subsidies and payments to the provinces under the taxation agreements amount to \$99,062,000. There is no possibility of reduction there.

Unemployment insurance amounts to \$20,432,000. I do not know whether hon. gentlemen opposite would suggest that that should be reduced, but I do not believe it could be reduced to any considerable extent.

For the Post Office Department the amount is \$60,455,000. Admittedly that is only relatively uncontrollable, but it is a service department, and while it might be possible to effect some economies I do not believe the expenditure can be substantially reduced.

The Department of National Revenue shows another large expenditure, \$26,062,000. I would point out to the house that while that is substantially higher than the year before the war, that department is charged with the collection of revenues amounting to some \$2,600 million. That is not out of line with the work involved.

There are other expenditures totalling \$6,097,000 which include amounts payable under the Prairie Farm Assistance Act. Hon. gentlemen opposite do not suggest that these expenditures, which amount to \$3,000,000, should be discontinued. There is some \$2,000,000 included in this total for cheese and cheese factories, and I understand that these payments have been effective for some time. Certainly no suggestion has been made that these should be reduced. There are sundry others.

We have family allowances, \$250 million. I have heard no hon. gentleman opposite suggest that these payments should be discontinued or reduced. Finally there are payments under veterans affairs which amount to \$58,320,000 exclusive of pensions. These include such matters as hospitalization grants, pensions under the Veterans Allowances Act, soldier settlement board expenses, Veterans Land Act, and the like. From my limited experience in the veterans affairs committee I have not been led to believe that there is any persistent or extensive demand among hon. members of the official opposition, or for that matter elsewhere in the house, that expenditures of this kind should be reduced.

Those total \$1,078,620,000 in round figures. If you take that figure and deduct it from the figure of \$1.250 billion which I mentioned at the outset, you are left with the more or less controllable expenditures of government amounting to \$174,884,000. That is an increase of some \$62,700,000 from the corresponding comparable figure for the last pre-war year of 1938-39, which was \$112,200,000. At first

sight that figure may seem somewhat large, but there is a good explanation for all these increases. I am not suggesting that no effort should be made to effect further economy, but I do not believe it will be possible to effect substantial economies and maintain efficiently the services of the country.

I come now to the main items which make up this increase of \$62 million odd. The first and largest is the cost of living bonus to government employees, which totals in the neighbourhood of \$20 million. Perhaps I should not prophesy, but I think it is fair to say that that will become a permanent part of the government wage structure. There is assistance to agriculture which cost \$4,200,000. The increase in external affairs is over \$3 million, but that is consistent with our greater stature as a nation, the additional legations we have opened, and the added representation we have abroad. Department of Finance is up \$5,300,000, largely because of increases in the cost of operating the office of the comptroller of the treasury, due to the vastly greater expenditures which it is necessary he should supervise.

Mines and Resources and Public Works are both up substantially, but those are departments which cut their maintenance operations to the bone during the war. The increase of \$5 million in the case of Mines and Resources, and some \$20 million in the case of Public Works, represents largely deferred maintenance. Expenditures of the Department of Transport are some \$5 million higher, due largely to deferred maintenance and the construction of terminal facilities for the Prince Edward Island car ferry. Finally, the expenditures of the Department of Trade and Commerce are \$3,900,000 higher, owing largely to increases in the operation of trade services.

Taking \$200 million as a fair estimate of the really controllable portion of our expenditures, if we were to cut those twenty per cent it would amount to \$40 million. I do not believe it would be possible to cut them twenty per cent and maintain efficiently the services of this country. But if it were, it still would not be possible to balance the budget. Moreover, I suggest to members of the house that in total expenditures of some \$200 million to cover the ordinary services of the government there is little justification for the charges of reckless and profligate expenditures, which were the adjectives used by the hon. member for Lake Centre (Mr. Diefenbaker).

Mr. DIEFENBAKER: They have not been changed after hearing the statement of my hon. friend.