

Hon. Mr. Macdonald (Branford): That is the reduction of the estimates tabled in April of this year, which were higher than the estimates of the previous year.

Hon. Mr. Roebuck: But it does not include the additions that were made?

Hon. Mr. Macdonald (Branford): I am just taking the totals at the moment. Honourable senators, I am not complaining too much about this.

Hon. Mr. McCutcheon: You said we did our best.

Hon. Mr. Macdonald (Branford): I won't say you did your best, I will say it is a very difficult thing to do. Let me put it this way: you said your worst when you were in Opposition, that you could reduce the estimates by \$500 million, but the best you can do now is to reduce them by some \$228 million.

Of course, it is difficult to reduce items of expenditure once you have put them on the statute book. From time to time, when expenditures were increasing, the honourable senator from Churchill (Hon. Mr. Crerar), from his seat here would express the warning that expenditures were increasing and it would be impossible to reduce them. Of course, that has come true.

What estimates would you reduce—National Defence? Well, a reduction of \$85 million has been made in that department, but 26 cents of every dollar raised still goes to defence. Honourable senators, I believe that any of us would hesitate at this time of international crisis to reduce the National Defence estimates by any more than has been done in the bill now before us. Had this crisis arisen some months ago or even a month ago, I do not think the Government would have reduced this item by even \$85 million. Be that as it may, I believe you will agree with me that it would be most unwise to make a more extensive reduction than has been made.

The next largest item is that of Finance. The cost of financing Government expenditures is the second largest spending item, and amounts to \$1,200 million. How can that item be reduced? About half of it goes for interest, and the remainder is for general financing. Is anyone prepared to suggest that we should automatically reduce the interest on bonds? That would be difficult to do.

The next largest item is for National Health and Welfare, in the amount of \$1,100 million. That includes all the health services throughout the country. I think it would be very difficult to reduce the cost of our general health and welfare services in respect to items such

as old age security, old age assistance, blind pensions, disability pensions, family allowances—

Hon. Mr. Brooks: Hospitalization.

Hon. Mr. Macdonald (Branford): —and hospitalization. Is anyone prepared to reduce any of those? In fact, there is talk now of increasing family allowances by extending the maximum age limit to 18 years in the case of a child still attending school. So there is no indication of a reduction of such expenditures. The only reduction I think possible in connection with that department concerns pensions. It seems to me that if we had a truly contributory system, the amount paid by the Government could gradually be reduced over the years. I trust that it will not be long before such a scheme is introduced.

I have mentioned these things just to point out how difficult it is to bring about reductions. It is said that we are reducing the expenditures by \$228 million, but are we reducing them this year? As the honourable senator from Toronto-Trinity (Hon. Mr. Roebuck) has said, we are reducing the estimates which were tabled in the house in the earlier part of this year. However, I doubt very much that there will be a reduction of even one cent in the expenditures this year over those of last year. The revised expenditures this year amount to \$6,048,214,000, but to that we must add \$623,650,000 for old age pensions. Then we must add to that an increase which was granted this year raising the pension from \$55 to \$65 a month, amounting to \$124 million. If those two items are added to the revised estimates it will be seen that after the reduction is taken into effect we are going to spend \$6,795 million.

Hon. Mr. Brooks: May I ask the honourable leader where he is getting his figures?

Hon. Mr. Macdonald (Branford): I am getting some from the tables filed in the other house, which are the departmental figures, and I do not think there is any mistake about them.

Hon. Mr. Brooks: I see in the estimates here for 1962-63 the expenditure for old age security was \$623,620,000, and for 1961-62 it was \$606,570,000. The increase was \$17 million.

Hon. Mr. Macdonald (Branford): I quite agree with the Leader of the Government (Hon. Mr. Brooks), but my point is that the revised estimates for this year are \$6,048 million, to which we must add the old age security payments amounting to \$623 million. Also to be added to that is the increase which is not shown in the estimates—that is, to bring the pension up to \$65 per month—which