

unless this parliament approves new undertakings not contemplated when our estimates were prepared.

Just here may I divert for a moment or two to mention the matter of economies in governmental peace-time expenditures. These are important because they release funds for war purposes.

If you will compare the figure I have given with the corresponding total of the estimated expenditures for the preceding fiscal year, you will find a reduction of over \$77 million. That very large reduction reflects not only improvement in the operations of the national railways and in the relief situation but it is also the result of a good deal of painstaking examination and re-examination in all government departments in order to obtain the maximum economies in our departmental activities as well as to reduce or eliminate services which however justifiable in peace-time ought not to be regarded as absolutely vital in war-time. Our war effort has unquestioned priority; and the tremendous financial burden it will involve and the drain it will cause on the man-power, equipment and resources of the country make it vitally imperative that all governmental authorities—not only dominion, but—if I may go beyond federal bounds—provincial and municipal as well, should appraise with a sense of national responsibility the justification for the dollars proposed to be spent on normal activities. Every such dollar must, directly or indirectly, come out of the pockets of the people. And it ought almost to go without saying that to provide the enormous sums which must be spent by the dominion this year for defence, the ordinary expenditures of governments—all governments—in Canada must be decreased if they are not to restrict the amount that can be devoted to the driving task of defeating nazism. In the federal field, I have had the effective cooperation of my colleagues and their departmental officers in achieving the economies I have reported. The premiers or provincial treasurers of several of the provinces have discussed this problem with me and I have also had the opportunity of conferring with a number at least of the mayors of our cities and towns on the same subject. The attitude of them all was so instantly and definitely cooperative as to convince me that all that is necessary is that the position be understood to make certain that the response by all governmental authorities will be just as unhesitating and just as reassuring.

The chief difficulty which all governments face in reducing ordinary expenditures is the fact that usually so small a proportion of these expenditures is controllable and there is the

further fact that significant reductions in these controllable expenditures involve throwing out of work large numbers of employees, many of them of long service and some without superannuation privileges of any kind. To give an example, the expenditures under our main estimates last year amounted roughly to \$400 million. Of this amount \$260 million represented what were regarded as absolutely uncontrollable expenditures; and by that I mean war pensions, old age pensions, subsidies to provinces, interest on funded debt, et cetera. This left only \$140 million out of which savings might be made and of this amount \$80 million was for salaries and wages. So that, apart from discharging government employees, there was only the sum of \$60 million covered by those main estimates which might be subjected to reductions.

Fortunately, the development of the war programme has made, and will increasingly make possible the absorption of such persons in war activities. For some time we have had an inter-departmental committee at work to examine into and provide for the transfer of such personnel. As the house knows, there have been eliminations during the present year all ordinary public works of a capital character; but the opportunities for employment resulting from the war programme will make possible, and the demands of the war programme will, I believe, make it necessary that labour and resources should be released from the construction of these public works, most of which have in recent years been provided for primarily to alleviate unemployment.

With that interjection on economies I return to my forecast.

To our estimated expenditure for normal purposes of \$448 million must be added whatever will have to be spent during the year for war purposes. Parliament has already approved a war appropriation amounting to the sum of \$700 million, more than four times what was spent in the corresponding fiscal year of the last war.

Combining these two figures gives us a total of \$1,148 million. But even this huge sum may not, and almost certainly will not, represent the total of our expenditures for the current fiscal year. Events are moving with lightning speed. Plans are having to be reshaped and extended almost daily, and no man can foretell what we will be called upon to provide in the next nine months. As you know, since the War Appropriation Act was passed with its grant of \$700 million for war purposes, we have made heavy additional commitments and these are constantly having