

last autumn—the spending departments must be rationed. That is what they have done in Great Britain. They decided what they had to spend and they spent it, and no more. It may seem the hard way, it may seem difficult, but it will have to be done. I would remind the house of what Sir John Anderson said when speaking on the British budget. He said that one of the great duties of a minister of finance is to keep down the spending departments. It has been done and it can be done. But it cannot be done without a new mentality on the part of the government. What do I mean by this? I think I can best express what I mean by reading an extract from a speech which the Prime Minister (Mr. Mackenzie King) made many years ago when he was in opposition. We are apt to forget that the Prime Minister was once in what I understand Sir Wilfrid Laurier used to call “the cool shades of opposition”. When the Prime Minister was in those cool shades in 1920 he said some things which I imagine were not very comforting to those who listened to them across the way. However, I think they are most applicable to the situation now and with the permission of the Prime Minister, I will read them. The Prime Minister said:

—these honourable gentlemen have the war habit of mind, and so long as they remain in office they will persist in it. What do I mean by “the war habit of mind”? It is the habit of mind which believes that everything should be done by the autocratic will of the ministry, regardless altogether of the wishes of parliament; it is the habit of mind which allows lavish expenditures to be accounted for by chance.

I do not know what the Prime Minister meant by “chance”. I do not know whether I can use a slang phrase here and say: “What a chance” is there of our getting it now? The Prime Minister went on:

And I say to hon. gentlemen opposite, and more particularly to the people of Canada, facing as we are the great questions of the day, that so long as this present administration remains in office, so long will that war habit of mind continue to actuate the government in their management of public affairs, especially as regards extravagance in public expenditure.

What evidence have we of that tendency? As I have said I do not propose to speak of the actual period of the war, but to take the post-war period.

As an example I refer to the expenditure for the last current year as given in the Auditor General's report. And in that connection let me develop the thought which my hon. friend from Guysborough (Mr. Sinclair), brought out so clearly last week. He showed that the addition to the public debt during this year of peace was \$395,000,000, or more than \$1,000,000 a day.

[Mr. Macdonnell.]

I do not know how good the Prime Minister is at arithmetic, but if he will take his pencil he will find that the addition to the public debt during this last year is not one million dollars a day but between four and five million dollars a day; I think four and three-quarters million dollars a day. It is perfectly true that we do things on a more lavish scale now. Nevertheless there is the situation.

There is one further point I wish to make in connection with this question of organization and administration—I mentioned it the other night, but it is worth mentioning again. I refer to the utter failure of the government, as I see it, to implement what I understood was the promise made by the Minister of Finance last autumn that the tax administration machinery would be overhauled. Apparently nothing is being done to that end and certainly so far as I can learn, it is not because it is not necessary.

Having spoken of the immediate impact of the budget on our minds as taxpayers, I wish now to deal with its broader impact on the whole Canadian economy. I wish to deal with what the minister said about present business conditions, about future business prospects, and about the financial policies which the government proposes to follow in order to maintain employment. One could not listen to the minister without realizing the extent to which public finance has invaded our lives. It has come to live with us. It gets first cut at everything. It is senior partner in our affairs. To put it in another way, the Department of Finance, instead of being purser on the ship of state, has now become the captain and in effect determines the destination and the course the ship is to follow. As Sir John Anderson said, the budget has become a main instrument of financial and economic policy. For that reason I hope the whole budget debate will be taken very seriously. We are certainly considering things that go to the very root of our welfare.

Speaking of our present position the minister had this to say:

We are enjoying a level of employment and prosperity that we have never experienced before in peace time.

He then proceeded to trace the rise in national income, from \$5.1 billion in 1938 to \$11.75 billion in 1944. While he did not emphasize the point, it came out elsewhere in his speech, that nearly all of that increase in the national income was due to the fact that government expenditures had gone up from a little over \$500 million in 1939 to \$5½ billion in 1944. One could not help remembering that in spite of