

with the belief that we can significantly alter the scale of the budget in this way. Our civilian payroll is only about \$310 million a year out of total expenditures of \$2,400 million, or about 12 cents out of every dollar spent. The other 88 cents goes either for transfer payments or is paid for goods and outside services. It is only by reducing government activities or social security payments that any major reductions can be made.

This is an important and serious conclusion. We should realize how this situation has come about. Mainly it has been by reason of war and the danger of future war. Our huge debt service is almost entirely a legacy of war. We have a heavy continuing charge for pensions and other provision for war veterans, and expenditures on defence now total \$425 million. All told, then, we must provide something over a billion dollars a year because of past wars or the need to prevent future war. This huge outlay from which we get no tangible return is unfortunate--but let us remember that this, in addition to the blood and treasure expended in the past, is the price we pay for the personal freedom, the civil liberties, the democratic politics and the economic prosperity that we enjoy as part of the western world.

The second major category of expenditure that has brought us to budgets of this size is social security payments--old age pensions, family allowances, and unemployment insurance, as well as other smaller items. For these three huge programs we are having to provide \$457 million next year. I need hardly point out that this house and those parties to which its members belong stoutly uphold the need for old age pensions on at least the present scale and we must, of course, make adequate provision for the unemployed.

Our family allowances, though costly because of the huge numbers involved, are among the most constructive forms of social security; for they provide improved opportunities for health and education for the children of our country. We can expect in future years to gain material benefits from the better citizens this program makes possible.

Apart from these costs of defence and social security, there is a great variety of services provided to business and the public, on which we spend hundreds of millions each year but which are demanded just as are the services of business itself--the post office, the canals, the airports and airways, the wharves and harbours and river works, the aids to navigation, the technical services to agriculture and the fisheries, the foreign trade services, to assist our exporters and importers, the statistical services, the employment service, and others of a like character. Money spent on these provides services which the public use every day, whether they pay for them directly, as in the case of the post office, or indirectly, as in the case of most others.

Finally, I think it is important for the house to realize how much is being done to improve our productive resources in the future. Our health program, for example, for which we provide now over \$40 million a year, is not only improving significantly the treatment of the sick, but making real strides in helping to reduce the amount of disease and illness. That will reflect itself in due course in our national production. We are now spending large sums in discovering, developing, improving and conserving our natural resources--through such departments as Agriculture, Fisheries, Mines and Technical