

The Address—Mr. Fulton

own defence expenditures and to meet our commitments to our North Atlantic allies. By simple arithmetic we find that our commitments under these two headings alone, and which are entirely outside what I might call the ordinary activities of government, total \$2,770 million a year, or nearly 6 times all our annual expenditures for all the activities of the federal government in an average pre-war year.

I realize that the defence expenditure is a difficult liability to calculate, because this very heavy level may be only the result of the initial program upon which we have embarked to catch up on the backlog. But, Mr. Speaker, no one in this house, and I do not think anyone in any of the North Atlantic treaty countries, can forecast how long the cold war may continue. It may continue for 15, 25 or 50 years. We hope that we will never get beyond cold war, but we have to be ready to continue our efforts under the cold war indefinitely in order finally to convince the would-be aggressor, Russia, that it would not be wise to resort to a hot war. We have, therefore, to be prepared to continue, for however long it may take to bring that home to Russia, this tremendous level of expenditures on what I might call the extraordinary activities of government and not the normal governmental heads of expenditure, which amount to something in the neighbourhood of \$2.5 billion or \$3 billion a year. And we must really start to grapple now with the problem of financing it if we are to avoid waking up one day and finding the economy of our country facing possible ruin.

How are we going to meet this problem? I know that it is treading on dangerous ground to embark upon the realm of economics, but I suggest that we can only meet it by increasing the real wealth and real income of this country. And I maintain that the real wealth of the country is not money. Today money is suffering from the inflationary pressures which have been generated, and in this connection is therefore only of questionable value as a partial measure—it can only be a partial measure because its value is going down all the time—of the volume of business and commercial transactions. It is not an index of the real wealth of the country. It is true that in terms of money our national income has increased something like four times over pre-war levels, but our real product has only doubled. The increase in our national money income is largely the result of inflationary tendencies, so we cannot take any comfort from the fact that it has quadrupled over the past few years.

[Mr. Fulton.]

When refined to its real elements, Mr. Speaker, real wealth is found to be the combination of the productive capacity and energy of our people and the net result of the application of that productive capacity to our raw materials in the creation of end products. In other words, you get real wealth when you bring man and raw material together and produce something. When you do that, then you are building wealth. Only by increasing and accelerating this process can we provide the means of meeting the enormous expenditures that we have been considering.

We must then solve the problem by a positive program for the development and conservation of our resources. So far as I can see, that in a nutshell is the great need of this country—a positive program for the development and conservation of our resources. Conservation must go hand in hand with development, because we cannot contemplate the possibility of exhausting our resources in a matter of a few years by wasteful methods. Indeed, there are many aspects to the problem and it is difficult not to get deeply involved.

There is the problem of immigration; there is the problem of the limitation of resources; there is the problem of finances of a development program. But the main issue with which we are faced is that only by the development of our resources to increase the real wealth of the country shall we be able to meet the commitments which we have undertaken now.

On looking back on what has been said in the past as to the development of Canada, we find that over the years there have been many different visions of the future of this country. I go back to one which was expressed nearly a hundred years ago, in the confederation debates of the year 1864, by Sir E. P. Tache, the prime minister of the united provinces of Canada. Introducing the resolutions which were adopted at the Quebec conference of that year, and which led directly to the enactment of the British North America Act, he said:

We had vast forests not yet opened or occupied, and yet we had a population numbering over 2½ millions of souls. With such an extent of territory and so fertile a soil, he had no doubt whatever that in less than half a century Canada would embrace a population equal to that of the large empires of the old world.

That statement was made nearly a hundred years ago. Then, at about the turn of the century, Sir Wilfrid Laurier, fifty years later than Tache and fifty years before our own day, said that the twentieth century belonged to Canada. But what is the position? We are still a country of only some fourteen million of people. We have not realized the vision