

about twenty per cent of her production. But in those same years we in Canada exported about thirty-five per cent of our total production. That being the case, one of the absolute necessities for the solution of the problems that will face us in the future, is that conditions in respect to international trade in post-war years should be at least as favourable as they were before the war, because, as was pointed out by the honourable senators from Vancouver (Hon. Mr. McRae), Winnipeg (Hon. Mr. Haig) and Thunder Bay (Hon. Mr. Paterson), in the intervening period the productive capacities of this country have increased tremendously.

The increase is staggering. The impact of two great wars seems in each case to have resulted in a tremendous development of our productive capacities—which shows the wealth of our natural resources and the adaptability of our people. In 1939 there were 638,000 people employed in manufacturing. In 1944 the number had risen to more than a million and a quarter—an increase of upwards of 600,000, despite the fact that there were 800,000 men in the armed forces. In the same period the monthly payroll had gone up from \$14,000,000 to \$40,000,000. Gross production had increased from three and a half billion dollars to more than eight billion dollars. Concurrently with that industrial expansion there has been a tremendous increase in agricultural and other primary production.

If therefore we are to prevent a terrific upset in this country, and our economy remains anything like it was in pre-war days, we must have a corresponding increase in our export trade in order to keep gainfully employed those who are now engaged in industry, as well as those in our armed forces when they return to civilian life. I will go further. I suggest to you, honourable members, that the very security of this half of the North American continent which we are privileged to occupy depends on our having a much larger population. We must have a great many more consumers for this tremendously increased productive capacity; a great many more to share the burden of our increased national debt; a great many more to share the overhead of our railroad, hotel, highway, waterway and harbour facilities, which only a few years ago presented a tremendous financial problem. And last but not least, by increasing the number of people within our borders we shall remove the tendency of people in the overcrowded areas of the world to envy the great good fortune that is ours. I have not the figures before me, but I have no doubt that there is no other part of this world in which there is half a continent with such tremendous

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resources—the honourable senator from Vancouver referred to them in one particular—occupied by a trifling eleven and a half million people. Contrast the sparse population spread over this vast area with the terrific congestion in other parts of the world. It is inevitable that, unless there is a very substantial increase in our population, the people in those overcrowded countries will cast envious eyes towards Canada.

Every national interest dictates that arrangements between nations should make possible not only a continuance of but a very great increase in the volume of international trade in the future. In this connection the honourable senator from Kingston (Hon. Mr. Davies) made what I consider a most startling remark. He wondered whether this matter would be discussed at the San Francisco conference, and referred to the fact that in the company of himself and some other twenty responsible persons, two noted Canadian economists had said that Canada would face a very serious situation if Great Britain, as a result of the abnormal conditions that had arisen during the war, should confine her trading to the sterling bloc, meaning that we could not expect her to purchase from us anything like what she had purchased in the past. And they suggested that this might result in a condition in which, as the honourable gentleman said, "The people of Canada would have to become reconciled to continued taxation at the present high rates, because it would be necessary either to subsidize the three Prairie Provinces or to liquidate them and move their people to other parts of the country."

Honourable senators, the fact that since the war our facilities for international trade not only have not been improved but have been very much lessened, is a most important matter, and one with regard to which I think the influence of our delegates should be exercised to the utmost of their ability. In 1937, for instance, Great Britain purchased from us more than \$400,000,000 of goods and we purchased from her about \$147,000,000. If in self-defence or through abnormal circumstances she had to confine her trading activities for a considerable period of time largely to the sterling bloc, that might bring about a very serious condition for Canada.

This would tremendously upset our whole economy, even on a pre-war basis, and honourable senators can imagine what effect it would have under present circumstances.

The London Times of March 9 had a most interesting reference to Great Britain's recent financial agreement with Sweden, which was mentioned by the honourable gentleman from