

exported. The present national production is eight billion dollars, half of which, or four billion dollars, is exported. After the war if we are to maintain a national production of anything like eight billion dollars, even if we allow half a billion dollars for increased consumption by our own people under good working conditions, we shall still have to export four billion dollars, or four times what we exported before the war. I am free to say that I do not see how that can be accomplished. It does seem to me as though the people who are juggling with these tremendous figures must expect national revenue to fall on us like a Christmas snow storm.

It is far beyond my powers to comprehend how, under the trying circumstances in the world to-day, we can expect to maintain anything like our present national production. At present, operating as we do, we have no marketing problems. That four billion dollars represents munitions and supplies, war equipment and, I presume, the money we give away, roughly one billion dollars a year. But we cannot continue that in peace time. Those figures are all right as war appropriations, but we will have a different set of rules to go by once we return to peace. Our endeavours to maintain exports will not be unopposed. It is evident in what we read in the press that the United States and other countries as well are making tremendous efforts to increase their external trade. For a time, while Europe is being supplied with food and other requisites, a certain part of our production will be required, but I do not think that will be for long. We have been warned by Britain that we must not expect her to buy as much from us as she bought in pre-war years, unless we can balance the account. That is rather reasonable.

Hon. Mr. DUFF: Hear, hear.

Hon. Mr. McRAE: And Mr. Churchill has told Britain that to let up on her agricultural production would be a calamity. That of course means that Britain will buy less wheat and other farm products from us. I was somewhat surprised to note in the press a few days ago that a member of the Belgian Government said in Montreal that his country would be back in the British market within a few months. That seems hardly possible. I was also surprised to read official reports showing that the dairy cattle production of France is now seventy-five per cent of what it was at the outbreak of the war.

Europe is not going to require from us anything like as much produce as we thought she would before she becomes re-established. I notice that recently Britain made a treaty

Hon. Mr. McRAE.

with Sweden—I presume a very favourable one, because Sweden has not been in the war and therefore has no war burdens; if anything, she has made money out of the war. That brings to my mind a suggestion that if we are to have an equitable readjustment of things after the war, countries such as Sweden and the Argentine and all others that grew rich on our fight for civilization should be obliged to pay an import tax to United Nations countries as a means of sharing to some degree in the expense incurred to maintain their civilization. As I see it, I am afraid that, notwithstanding all the statements to the contrary, the drift after the war will be towards self-sufficiency on the part of the nations, each endeavouring to live as closely as possible within the limits of its own production so as to reduce its purchases abroad. That situation will of course be due to the scarcity of credit. In that regard there is much promise in the international banking arrangement which has been discussed, and which is the only way by which credit can be safely extended to these various countries with the hope of getting payment for the goods purchased. Much will depend on this international banking arrangement when it is worked out. Now, with regard to employment after the war, the provincial, federal and municipal governments are carrying on a very commendable planned effort to provide employment. To a considerable extent that would be immediate employment. Through that effort we might hope to bridge the gap that will occur between wartime activities and the re-establishment of industry on a peacetime basis. That, honourable senators, I submit is a very temporary effort, and any volume, great as it may be, will represent but a very small part of what the industries of this country can be expected to and should produce. At best it is only a stop-gap.

That leads me to the question of the situation with respect to our present tax system. In this regard I have nothing but commendation for Canada's tax effort during the war. We have accomplished wonders. We have raised half of our total expenditures by taxes, and the other half we have borrowed from our fellow citizens. But, as I have said, that was under war conditions. There was no marketing problem in connection with any of our production, and in war time, on account of the scarcity of manpower, we did not permit expansion of any industry; on the contrary, we tried to keep private business down to the very minimum so that money would be available for war loans and personnel for the war effort. That was correct. We have done well. But, honourable senators, I submit that there is as much difference between war