

Our total expenditures having reached the sum they have reached today there naturally follows the question: Why do we not capitalize part of the cost and save the present taxpayer some money? That is an argument, and perhaps a logical one in some respects; but I think that before passing on obligations to coming generations, or as it were ceasing to live within our income, we should determine our ability to pay. Indeed, our ability to pay has in a large measure been governed by our total expenditure on armaments. We should perhaps bring to mind the tremendous change that has taken place in the economy of Canada during the recent years. Today the yardstick popularly used for budgetary purposes is the gross national product; it is more and more being used by the Department of Finance for the estimating of budget requirements.

I find no fault with the total expenditures as given by the leader opposite. As honourable senators know, our budget this year for defence purposes is slightly more than \$2 billion. It is interesting, however, to note that in 1942-43 the budget was slightly less than \$1,900 million; in 1943-44 it was \$2,674 million; in 1944-45 \$2,962 million; and in 1945-46 it was less than \$1,983 million. Ability to pay is the important point that must be kept always in mind when considering total budgets for expenditure and the question of whether or not we should defer payments and pass on obligations to future generations.

Today, as I have said, the yardstick for determining ability to pay is the gross national product, which for 1952 is \$22,500 million. It is interesting to note that in 1939 our gross national product was only \$5,700 million; and that in 1943-44, the peak of the war years, when our expenditures totalled \$2,674 million, our gross national product still was only \$11 billion, or approximately one-half of what it is today. In the year 1945, with expenditures of \$2,900 million, our gross national product was slightly under \$12 billion.

It is obvious why, when we are attempting to arrive at our proper proportion of responsibility with our NATO allies, the gross national product of our country, or our ability to pay, comes directly to the fore. Honourable senators know that there are those among the NATO countries who think that Canada's appropriation is not large enough, and they attempt to prove it.

The Prime Minister has recently stated that ten per cent of our gross national product is today devoted to defence. I would

point out that in 1943 and 1944, the years to which my honourable friend referred in his remarks, our defence expenditure was twenty-five per cent of our gross national product. Now, honourable senators, I have no doubt that if a crisis were to arise in this country tomorrow, and it should become necessary for us to devote to war measures twenty-five per cent of \$22,500 million—or roughly five or six billion dollars a year—the policy which my honourable friend proposed would be followed in whole or in part by whatever government was in power. But, always bearing in mind our ability to pay, I suggest to my honourable friends that it is not the part of wisdom to pass on obligations to future generations and to go into debt in the process.

The honourable leader opposite spoke of the election to office of the Republican party in the United States. It is a well known fact that that party strongly criticized the Democratic party's policy of deficit financing with respect to defence. How much that criticism affected the popular vote, I do not know, but it was very definitely a ground of attack by the Republican party, whose members urged that under normal circumstances the budget should be balanced. So much for defence.

I have another important point to mention, and I hope I am not taking up too much time of the house.

Some Hon. Senators: Go ahead.

Hon. Mr. Robertson: I listened carefully to what my honourable friend said about markets. He emphasized the fact that Britain was not able to find money to buy from us, and said that now the Republican party was in power in the United States he was certain that sooner or later that country would seek protection for its own producers. Indeed, he recalled in a rather ominous way the period when, as a result of the termination of the reciprocity agreement, Canada was formed and the government soon afterwards adopted the National Policy. I hope that my honourable friend did not have in mind the recommending of a similar procedure to his party. If his party wished to adopt a national policy such as was invoked in those early days, and it continued to advocate multilateral trade, I would find no fault with it politically, but I suggest that there is no question as to the stand taken by the government of which I am a member. We are out to increase in every possible creditable fashion the trade of Canada in every market of the world, without any if's or but's—

Some Hon. Senators: Hear, hear.