Hon. Mr. CRERAR: There can be no dispute about that; it is generally conceded everywhere. Almost from the beginning of the war the policy laid down by the goverenment was that, as the war progressed, Canada would pay as much of her cost as possible. In the waging of the most costly war that the world has ever seen, it was a splendid accomplishment that, at least half of the expense incurred by this country was paid out of the current revenue secured by the government. That achievement will stand as a landmark in the history of this country.

It is now peacetime, however, and we have to take some stock of the means by which we are going to carry these huge burdens in the future. If we could maintain a national production or national income similar to what we enjoy in this year of 1947, the burden would still be heavy but not unmanageable. But can we expect to do that?

I have here some figures on the gross national production of Canada which I am sure will be of interest to the house. In 1929, a year that was rated at that time to be pretty good, the gross national production of Canada was approximately five billion 750 million. In 1933, due to widespread unemployment and drought conditions in Western Canada, our gross national production had dropped to three and a half billion. Coming down to the year 1938, the gross national production was five billion and 75 million. In 1939 it was five billion 495 million; in 1940, six billion 628 million; in 1941, eight billion 335 million, and in 1942, ten billion 296 million. It will be observed that by this time Canada was getting into her stride in the matter of war production, and as a consequence employment was high all over the country. In 1943 the gross production of Canada had reached a total of eleven billion 124 million; and in 1944, eleven billion 771 million, the highest point attained in the period I have referred to. In 1945 there was a drop to eleven billion 478 million, and the preliminary estimate given for 1946 is eleven billion 129 million.

The point I wish to make is that if we can maintain a national production of, say, between eleven and twelve billions of dollars, the burden of debt will not be beyond our capacity to manage. However, when we contemplate the possibility of maintaining such a scale of national production I think there are some things which will give us cause for anxiety.

National production is the total of all wages and earnings received by individual Canadians for their labour. Agricultural production in Canada last year, if I recall the figure correctly, amounted to almost one billion 700 million. Can we expect to maintain such a production in the future? I do not think we can, because inevitably, as has happened time and time again in the past, high prices for agricultural products are bound to decline.

Europe, which is now struggling back to its feet amid many difficulties, will become an increasing factor in the production of her own food; indeed, she is compelled to do so because of her lack of ability to get foreign exchange to buy food abroad. Much the same situation exists with respect to base metals such as copper, zinc, lead and nickel—Canada is today enjoying higher prices for those metals than she has ever enjoyed in the past. She is also enjoying higher wage scales and higher prices for the products of her manufacturing industries. There was a great void to be filled in goods and services, and the filling of that void has created a sellers' market.

But these conditions will not continue indefinitely. Let us look at the matter in another way. It is quite evident that the huge dollar credits which Canada and the United States wisely gave to Great Britain and other European countries are running out. By the middle of 1948 they will certainly have been pretty well exhausted. Only recently we have seen the steps taken by the British Government to curtail imports and to conserve the American dollars which they require for food and for other purposes. Someone may say that we have the so-called Marshall plan. I for one fervently hope that Europe can suggest a way to get back on its feet. We must realize, however, that there are many hurdles to climb before the Marshall plan becomes a success.

Honourable senators, the point is that we are taking a chance on the future that we would have been wiser to avoid. This all boils down to the elementary principle that governs the individual in his private business: if I spend lavishly and make no provision against a rainy day I shall eventually be in trouble. I think this same sprinciple applies to governments; and if our national income should drop to, say, eight billion dollars, we would certainly be in difficulties.

I sincerely hope that I am wrong, but I feel that in all these commitments we have assumed an extremely heavy load; one which not only will make future tax reductions impossible, but may lead us into unbalanced budgets and all the evils that inevitably follow a departure from sound public fiscal