

I come now to the part of the budget speech which has to do with the trade of Canada. Hon. members who support the government know a good deal about trade. During the last two or three occasions on which they have appealed to the people, they have used that as their slogan. I sympathize with their point of view. War strangles trade. This administration, in common with all others, did everything possible to expand our trade in peace time. We were all in favour of that. Now twenty per cent of our economy depends upon our trade; and this can be compared to the five per cent which obtains in the case of the United States, a country which is fast becoming more or less self-sufficient. I do not believe in self-sufficiency in normal times, but conditions are different in times of war. I do not subscribe to the theory embodied in that pat phrase "economic nationalism," but perhaps we must strive more toward that end when we are faced with a war as a result of which our exports are cut off and we are unable to import many of the things we need.

Fortunately for Canada only five per cent of our imports come from Austria, Czechoslovakia, Germany, Norway, Sweden, Denmark, France, the Netherlands, Belgium, and other countries in central Europe which are now at war. In 1938 we imported only \$31,425,000 worth of goods from these countries. During the same year we exported \$66,000,000 worth of goods, which gave us a favourable trade balance of about \$35,000,000. But Great Britain had a much greater balance of trade with these countries. Her imports from and exports to these countries were quite extensive. Therefore, it behoves us to do everything possible to supply Great Britain with the things which she normally imports from Europe. But we should remember that Great Britain must have Canadian dollars with which to buy Canadian products. If during these trying times she is to be able to buy from us, we must do everything possible in the way of buying British goods.

The repatriation of \$92,000,000 will curtail our trade, inasmuch as Great Britain will not have the interest from those investments in Canada with which to buy our materials. I shall refer to this a little later when I discuss another suggestion which I have in my mind. I close this portion of my remarks by saying: Give to Great Britain every possible Canadian dollar so that John Bull in turn may be able to buy the things which are so sorely needed. This war exchange act is a move in the right direction. Non-empire imports last year increased \$170,000,000, mostly from the United States. The provisions of the war exchange tax act, which really constitute a duty, will tend to slow down these tremendous imports.

[Mr. J. H. Harris.]

It is to be hoped that the main part of that slowing down process will be balanced in the form of increased imports from Great Britain. We import iron, steel, machinery, cottons, silk, coal and petroleum from the United States, most of which are necessary. I should like to see these commodities imported instead of many of the luxuries we now bring into the country.

There is one item of import which is of great interest to Canadians at this time, especially in view of the legislation before us. I refer to coal. More and more Canadian coal should be produced in Canada for Canadian consumption. We would thus conserve Canadian dollars rather than have them used to buy foreign exchange for the purchase of United States coal. As far as many of the other items are concerned, we must of necessity have them and the United States is the quickest market from which to secure them.

I come now to the matter of capital expenditures and revenue expenditures. The Minister of Finance told us that during the last four months there had been an increase of fifty per cent in the importations of capital goods from the United States. If those goods were to be consumed in production and not be tied up in capital, then they would tend to extend our physical volume of trade. I hope that soon we will be fitted out with machines of all types so that we will not have to make much more capital expenditures. Much of the machinery which is being bought promiscuously by the Department of Munitions and Supply in the United States could be produced here. The Canada Machinery Corporation and other machinery companies are accustomed to making tools and dies; the doors should be wide open and they should be given every opportunity to put their men to work in making the machinery which is required for the manufacture of munitions and supplies, so that we shall not have to expend more and more of our Canadian dollars on this type of capital equipment.

I know that haste is essential, but at the same time full consideration should be given to our industries which are capable of manufacturing dies, tools and machinery. So long as the United States will accept our gold and our exports we shall probably be able to keep a fair balance, but let me tell you, Mr. Speaker, and this house that the economic penetration of this country by the United States is going forward by leaps and bounds. I have no objection to that, in face of the war, but we should take heed that some day—I pray God it will be soon—we shall have peace. The economic penetration of this country by the United States will by then be considerable.