

they have done, but, as I have already pointed out to the country at large, because I see in them, through the broader view they have acquired and in the influence for colonization they have left behind in the Old Land, one of the greatest factors in the new development of Canada.

As we are in a sense laying new foundations after the war, another very essential factor is our money. Our sacrifices in the war in relation to our wealth have been so much greater than those of other nations,—particularly as most affecting us, those of the nation to the south of us—that we find ourselves in a very disadvantageous position. If we are to compete on a reasonable basis, that condition must be righted. Various simple and effective proposals involving sacrifice on the part of other nations have been advanced; as for instance a sharing of the total war expenditure by all the belligerent nations in proportion to their wealth. But we can hope for no such solution; we must rely upon ourselves; and if in so doing we create conditions unfavourable to those other nations we must not hesitate to incur their displeasure. Proportionately we have done more for the common good than they. They have profited by our loss. They should not complain.

How is the desired result to be accomplished? Were we in Canada able to produce all that we require and to dispose of all that we produce we need not worry about this subject; but we must import and we must export. As Mr. Macaulay truly stated,

Every person who buys from the Mother Country instead of from the United States performs a patriotic service, for he helps to improve the value of sterling exchange and avoids increasing the premium on American exchange. The heavy premium on New York funds, and the huge discount on sterling funds, are the natural and inevitable result of our purchasing chiefly from the United States, while selling chiefly to Great Britain.

If the cause of discount on the home funds is the trade balance and not currency depreciation, the disease automatically provides its own remedy. The discount discourages imports and encourages exports. Bankers are familiar with the fact that when we are borrowing largely from Britain our credits come mainly in the form of goods though, as Dr. Bonar pointed out, by one of the peculiarities of international trade we borrow in London and use the funds to buy goods in the United States. The permanent solution of our exchange problem lies in the consolidation of the Empire in such a way that every

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part shall be developed to its capacity; then, all parts by trading together will make the whole Empire prosperous, populous and commercially independent.

Canadian funds should not be at a discount in New York. Our currency is as sound as that of the United States, and our total exports show a balance of hundreds of millions in excess of our total imports. Until the United States sees fit to accept our money at par and treat us on a basis of equality, our duty is to stop buying luxuries from them, and to purchase nothing from them that is not absolutely necessary. As Canada is one of the largest purchasers from the United States, it will not take them long to reach the conclusion that our trade is worth having, and then the high rate of exchange will disappear.

The Speech from the Throne refers to the business situation and points out that business is on the whole satisfactory. I am pleased to be able to corroborate that statement. The trade returns for January of this year show that our imports from Great Britain totalled \$16,414,503, as compared with \$9,882,984 in December, and \$6,709,200 in January, 1919. They show that the exports to Great Britain were \$38,288,049; and our imports from the United States were \$74,520,423, as against \$71,069,509 in December, and \$59,379,127 in January, 1919. They also show our exports to the United States were \$43,577,945, as compared with \$41,227,589 in January, 1919. For the ten months of the present fiscal year, our trade shows a favourable balance of \$357,500,000 with Great Britain, an unfavourable balance of \$230,300,000 with the United States, and with all countries a favourable balance amounting to \$263,600,000. This is very encouraging. Many people thought that after the war business would for a time be stagnant; instead of that, however, it has kept up, and indications at present point to the continuance of an active market. Almost any manufacturer will tell you that he has orders for months ahead and does not know how to meet the demands of his customers. I am sure you will all agree with me in hoping that the time will not be long before our trade with the United States shows a favourable balance on our side of the ledger. The credit of Canada is proportionately higher than that of any other nation. With our great natural resources we are justified in looking forward to and approaching the future with confidence, and I trust nothing will be done to injure the outstanding position that Canada now occupies.