

\$1,604,649,034, in 1919, the country has increased in wealth. And why is it not fair? Simply because money is merely purchasing power. That is all it is. In the year 1913 as much purchasing power was represented by \$988,000,000, as to-day by \$1,604,649,034, and we are no better off, although we may have an apparently larger amount in the banks.

There is another thing which I would draw to the minister's attention: bank deposits are a poor indication of the nation's prosperity. Savings bank deposits may be some indication, but bank deposits as a whole, the ordinary commercial bank deposits, do not represent the savings of the nation; they often represent to a greater degree the borrowings of the nation. I go to my bank and I discount a note, let us say, for the modest sum of \$1,000. Perhaps I could get that amount if the member for Brantford would back my note. I put that in the bank and my deposit is swollen by \$1,000. But that does not represent wealth, that represents my borrowings from the bank and the joint liability of the member for Brantford and myself.

In his Budget speech the minister estimates that pensions will for many years run from \$35,000,000 to \$40,000,000. He also tells us that we will have yearly large sums to pay for hospitals, convalescent homes, and other things of that sort. No doubt that is perfectly true, and no one will grudge the money for these items of expenditure; but the minister does not give us the slightest hint of how much we may expect to yearly pay for these hospitals and convalescent homes, and I tell him very frankly that his Budget speech is lacking in that regard, that he should have given us some idea of what we shall have to pay for these expenses. "We have great natural resources," says the minister. That is quite true, but we need population; and here I come to a part of my speech which I trust will prove of more interest than these dreary columns of figures: we need population, but in order to have it we require a sounder economic policy. We must come under an economic policy which will not be a direct handicap to agriculture, mining, lumber, and fishing. We must give to our agriculturists, if we are to fill up our vacant cultivable lands, as good living conditions as obtain in the country to the south of us.

The minister talks about exports of manufactures helping us to pay the debt. Quite so, but we will have to give the manufacturers a market to work in, in which their costs will not be increased by a tariff which

bears so heavily upon them. Our market is far too small to operate successfully dumping, by charging our own people a great deal for the goods and being able to send them abroad and sell them cheaper. It is true the agricultural implement men have been doing that to a certain extent. It is true that before the war we find they were selling agricultural implements in far-away Russia as cheaply, or almost as cheaply, as they were selling them in Saskatchewan. But there is only one effective way to help the Canadian manufacturers in my judgment, and that is, to lower their cost of production by freeing from duties, to a certain extent at least, even at present, their raw material, by the education of the workers, and by increasing the facilities for transportation.

And now we come to a portion of the minister's speech which I trust he will not consider me rude if I denominate it as a bouquet of fallacies. He first speaks about the favourable trade balance. Now the favourable trade balance is a relic—a relic of the mediaeval system of mercantilism. A ship leaves Montreal loaded, say, with \$100,000 worth of wheat. It arrives in Liverpool. The wheat is sold for \$115,000. A load of hardware is put on board, worth, let us say at Liverpool, \$115,000, and brought back to Montreal where it is worth \$130,000. Exports \$100,000; imports \$130,000; unfavourable balance to trade to the extent of \$30,000. But let that ship, leaving Liverpool with its cargo of hardware, be lost in mid-Atlantic. What happens? Exports \$100,000; imports nil; favourable balance of trade \$100,000. What an absurdity! let me say it with all courtesy to the Minister of Finance.

The minister then goes on to compare the trade balances of 1914 and 1919. I ask him what about the rate of exchange? Is the rate of exchange to-day, in the year 1919, more, or less, favourable than it was in 1914? The minister said we had an unfavourable trade balance in 1914, and we have a favourable trade balance in 1919. Well, as I remember, in 1914 if you wanted to pay a bill in New York you did not have to add three per cent to your cheque in order to pay it as we have to do to-day. And then the unsoundness of the comparison of the years 1913-14 with the years 1918-1919! Why the dollar to-day is just worth about 50 cents, what it was worth in 1913-14; and if we divided the figures of 1918-1919 by two, then we would get the basis for a more just comparison. Let us do that. If we compare the revenue, for instance,

[Mr. McMaster.]