the position can be put any more clearly than it is put by this gentleman. When he says there is no other method, it seems to me it must be clear that he would not say so lightly, because if there is any other method it would at least have been known to all the people in the country. I quote:

Unhappily, nearly all the consequences of this crisis, threatening one country after the other with the dangers that its currency would be forced off gold, or that it would default on its foreign obligations, or both, have been to deepen the economic depression. This is true both while countries are still striving to keep their currencies on gold and when they have ceased to do so. When the strain of an adverse balance is draining the gold reserves, and when new credits cannot be obtained, the situation can be relieved only by a change in the balance of trade; that is, by a reduction of imports and an increase of exports. The first is attempted by new tariffs and prohibitions which reduce the world market and therefore cause a fall of prices, and evoke retaliatory measures which continue the same process. The second, an increase of exports, can be successfully achieved only—if at all and that with great difficulty—by a desperate selling on any terms, which again forces down world prices and again provokes new tariffs in other countries. These results are illustrated in the course of the creation of Germany's export surplus in 1930-31; a vivid picture of the reactions on neighbouring states was given by the Swiss delegate at Geneva in September.

Yet, disastrous as the general result is, it is extremely difficult to see what other course any single country can adopt in the emergency. We find, for example, even the League of Nations' Financial Committee, which in 1924 had in striking terms advised Hungary to adopt a more liberal trade policy, counselling her in 1931 to restrict her imports in order to ease the strain on her currency resulting from large annual foreign obligations with no corresponding exports surplus.

In addition you will find these words in another part of the same article:

The only way in which the balance could have been adjusted without this result was that countries with a positive balance and a gold surplus should have encouraged imports by a reduction of tariffs and a monetary policy designed to increase their prices. But the first effect of this, however salutary to the world position as a whole and in the end to the creditor countries themselves, would have been to injure home production already suffering from the depression; and this action was not taken. Meantime the process continues. Some countries have declared "moratoria" of their foreign obligations, others are likely to do so; while in yet others a similar declaration will be avoided only because the creditors, acting together, prefer not to claim what would be refused if they did and thus save some remnant of their debtors' credit.

And again these words:

In some way or another the gap in the balance of payments needs to be bridged. But it must certainly be narrowed before it is bridged. Debtors' obligations must be reduced; and, if possible, their real burden must be lightened by an increase in gold prices. The balance of trade must be changed; debtor countries' exports must, if possible, be increased, and their imports must be reduced (as they are being); creditor countries, on the other hand, should import more and must lose exports (as they are doing). The much narrowed gap, must then be bridged. This can be only to a small extent by further gold movements; for the rest, it must be by new foreign lending. Or perhaps it would be more exact to say that, to the extent to which new lending is not forthcoming, the gap must be narrowed by a change in the balance of trade till it can be bridged.

I commend these next words to this house:

There is no other method.

And the word "no" is in italics.

An unbridged gap means, and can only mean, failure of the debtor to pay. And failure of one debtor drives other debtor countries (and creditor countries too, if their assets are frozen and their obligations immediate) along the same path. So long as this process continues we shall be in an ever widening circle of disaster.

I commend those words to this house.

Mr. MACKENZIE KING: Who is the authority?

Mr. BENNETT: Sir Arthur Salter, who ranks as one of the foremost authorities in the world at the moment, having spent ten years with the League of Nations as economic adviser. Sir Arthur Salter says there is no other way; that way we commenced to follow in 1930, and have pursued since.

One word with respect to tariffs. I have said in this chamber so frequently that it must be within the knowledge of every hon. member that I only look upon tariffs themselves as being the instrument that lies at our hand for the purpose of enabling us to accomplish the end here indicated. Whether it is a high or a low tariff is not the question. Is it a tariff sufficient to enable us to accomplish the end we have in mind? That end is the preservation of the credit and the solvency of your country and mine.

I have referred to these matters for the purpose of indicating that nothwithstanding the attacks that have been made and the suggestions that we have gone at this in a haphazard way, it has been a well-considered plan which, so far as I am concerned, was in my mind before I assumed the responsibilities of office. It is a plan that, so far as I am concerned and while those conditions obtain, will be the guiding principle in any policy that we may place upon our statute books. In other words, after sixty-five years of effort, now with lower wage levels, with lower living standards, and with a desire on the part of exporting countries to receive gold at any