industry in that tight little island. I am speaking from knowledge of these things. Nor do I ever see any reference to their outmoded system of taxation, which fosters the misuse of land while it increases the cost of living and production.

I am told that land values in Britain have doubled since 1938. Sir Stafford Cripps talks smoothly, and no doubt very well, of austerity for the masses of the people, while he permits privilege to double its toll upon industry and enterprise. I submit that the British authorities should show good faith by adjusting their own internal conditions to assist in the solution of their international problems before asking us to go too far. Great Britain should reduce her taxes which, as they increase the cost of production, fall upon commodities and consumption and upon industry and enterprise.

Hon. Mr. Horner: May I ask a question? How can we expect England to encourage enterprise when she has proceeded to nationalize every industry in the country?

Hon. Mr. Roebuck: The British people are not proceeding to nationalize every industry. They picked only certain big ones which had no friends. True, they have nationalized the railways; and in my judgment they paid the owners more than they were worth. The coal mines also have been nationalized, now that their productiveness is running out, and the owners probably were paid more than the mines were worth. They nationalized the Bank of England, which was already nationalized, in effect, before the present government came into power. Now they are embarking on what may be a very disastrous course, that of nationalizing the steel industry. Other than that, the present government of Great Britain has been most careful not to tread upon the corns of the real owners in that country—the landed gentry.

I do not wish to pursue that topic further, though I could do so. My strongest criticism of the labour government is that, while they have nationalized certain industries, and now propose to take over steel, they have appeased in every possible way the landowners of that country, and have not amended the obsolete taxation system to which I have referred, which makes possible the excessively high rents which are being charged.

I return to my line of thought when the question was asked. I was about to say that Great Britain should make a levy upon land values, as was proposed in the famous Lloyd George budget, and later by Philip Snowden, thus easing her land monopoly and forcing her natural resources of town and country into use, thereby lowering rents. I submit that it is within the power of the British Government to reduce the cost of production without further degrading the standard of living of the masses, and without basing its commercial system on the starvation of working people.

There is still another horn of this dilemma. I refer to the manacles of finance which we and other nations have forged upon the anvil of Karl Marx. Until quite recently international trade balanced itself automatically. In the multilateral trade of former times, when a nation bought of its neighbours more than it could pay for by return shipment, or invisible credits—as Great Britain has recently been doing—its money fell in value in the foreign markets. Great Britain recently has been buying in the markets of her neighbours more than she has been able to pay for by return shipments and invisible credits; as a consequence, irrespective of what her government may have said with regard to it, her money fell on the markets of the world.

There have been times within the memory of every honourable senator when the Canadian dollar was lower in value in the United States than it was at home; and when, if we traded Canadian dollars for American dollars we were charged a rate of exchange, and, conversely, were credited with the exchange when we traded the other way. The rate of exchange varied from day to day, following very closely the fluctuations of the financial balance. During those periods when the exchange rate was adverse, Canadian money had a greater purchasing power in Canada than it had in the United States; therefore, a powerful incentive existed for Canadians to buy at home rather than south of the border. May I give a humble illustration? When for one Canadian dollar we could buy twelve eggs in Canada, and with the same dollar could get only eleven eggs across the border, we ate Canadian eggs—if we could get them. In our factories, whenever possible, we used Canadian parts and materials to make our finished products. In the United States the tendency was reversed, but equally powerful. When an American citizen could buy twelve eggs in the United States for one American dollar, and for the same dollar could get thirteen eggs in the Canadian market, he bought Canadian eggs whenever it was convenient to do so. The same tendency which I have described was operative in factories. The American manufacturer bought Canadian parts and materials for the production of his finished article, whenever it was convenient or possible for him to do so. In other words, when the rate of exchange was unfavourable, it strongly discouraged importing and encouraged exporting, and the free market soon corrected the disequilibrium in our international financial balances. It just naturally happened.