

practically I am just about where we stand to-day. We have got to protect what we have. I know that two or three years ago we greeted with loud applause a resolution for drastic reductions in the tariff. I was only too glad to see it; I would have advocated it myself; but I think we are quite justified in saying that two or three years can make a great change. In 1919, when this resolution was passed, everything was at the height of prosperity; but since then there have been very great changes, and I venture to say that a reduction in the tariff according to the resolutions passed by several schools of thought of this country, would have resulted in an almost disastrous course of events.

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HARDY: I am very glad to hear my honourable friends on the other side join with me in this position. I do not take it on partisan ground at all, but because of what I believe to be an actual state of affairs to-day, and it has been justified by Parliament, which was quite satisfied to make a small reduction in the tariff at the last Session.

While in this country our immediate perplexities are not such as involve us in international difficulties, nevertheless we have our own problems, and great ones, to face and work out. These problems are domestic, and it is for ourselves to work them out, which we must and shall do. While domestic they are made more difficult by conditions in Europe. In common with the rest of the world that had not actually suffered from the ravages of invasion, we in Canada had looked towards a period after the war of at least some years of increased industry and production—let us call it prosperity if we will—in order to restore what was destroyed during the conflict. We all forgot that the destruction of capital does not make for prosperity merely by causing a replacement of what has been lost, and it came indeed as a blow to learn that there was little or nothing in Europe to pay for what was to replace that destruction. On the other hand we have found the nations of the old world so impoverished that they have not been able to buy even those things of everyday life that formerly were considered necessities in anything like the old-time quantities, at low prices, if at all. Instead, therefore, of being called upon to supply abnormal demands for those goods which Canada can export, we find ourselves deprived to a greater or less extent of our normal markets, with the result of a great decrease in industry of all kinds and lack of markets for

our natural products. The great fall in prices everywhere accentuates the difficulties we have to face. Many features of the present depression are common to most countries throughout the world; but Canada must always have a great surplus of natural products to export, and therefore must find outside channels to dispose of them. Our old markets having been broken in upon by the war, we must re-open them and find new ones in addition and in this effort we are confronted with a great difficulty in the present condition of credits and exchange.

Since this House last met commercial treaties have been entered into between this country on the one hand and France and Italy on the other. The Administration is to be congratulated upon its prompt action in taking steps in this direction, which I trust may have the effect of no little increase of trade between these countries and Canada. I find that in the year 1922 Canada's exports to France amounted to \$12,350,000, and those to Italy amounted to \$12,300,000. These figures show the importance to Canada of these two markets, these countries ranking fifth and sixth, being exceeded only by the United Kingdom, the United States, Australia and Japan. While we have not yet learned the details of these treaties, I have no doubt that they will greatly improve our trade conditions, as have similar treaties in the past, and I trust that they are only the first of a series of others.

The total imports in 1921 amounted to \$799,000,000; in 1922 to \$762,000,000, a decrease of \$37,000,000. Exports in 1921 were \$802,000,000, and in 1922, \$884,000,000, an increase of \$82,000,000. The fact is that there has indeed been a satisfactory increase, as the tonnage is much higher proportionately.

In 1920 there was a balance against us of \$65,000,000; in 1921 there was a balance in our favour of \$3,000,000; and in 1922 a balance in our favour of \$122,000,000.

Foreign goods re-exported from Canada are not included in these figures. These balances of trade are given for what they are worth. The balance of trade may show a lack of buying power, but at present, I am satisfied that it is a healthy sign.

I believe that the future will show a decided tendency on the part of the nations generally to base their tariffs and trading relations under them on reciprocal agreements with each other as conditions may make them advisable. The world has had it brought most concretely before it how completely dependent each country is on many others if not on every other—that they