

tllemen on both sides, to attempt to point out some of those fallacies. Let me say in the first place that the remarkable expansion of the trade of Canada, which is spoken of in such glowing terms, in the speech from the Throne, does not necessarily reflect upon Canada that degree of prosperity which at first blush we might attribute to the statement. The expansion of trade which has been referred to, if analysed, will be found to consist mainly of imports at the expense of our exports. Hon. gentlemen who will take the trouble to analyse the trade returns will find that notwithstanding the expansion referred to, our exports have fallen off within the last year, and to-day we practically face a balance of trade against the Dominion of about \$118,000,000. Of course it has always been a controversial question between political economists as to what effect the balance of trade may have, but I think it must be conceded by hon. gentlemen on both sides of politics in Canada, that if prosperity is to reign in this Dominion of ours our exports must necessarily exceed our imports. When the present government came into power, the Finance Minister congratulated the country and congratulated the government upon being able to maintain a balance of trade in our favour, and for five or six years after the accession of the Liberal party to power the balance of trade was in our favour; but owing to what I contend to be the unwise policy of this government the balance of trade has been reversed, and we find confronting us to-day a balance of the magnitude which I have just mentioned. Canada is peculiarly a borrowing country, and until our resources are developed, and until the great public undertakings upon which we have entered are carried out in their entirety, we must necessarily be a borrowing nation. We must go into the markets of the world, and borrow money from time to time for the purpose of carrying out our great internal undertakings, and those obligations, I submit hon. gentlemen, can only be paid out of exports. The interest on our debt must be paid. That interest certainly cannot be paid out of imports. The interest contracted upon our great public debt for the purposes of our public works, as I say, must necessarily be paid out of exports. This being the

case I submit that it is a matter for the careful consideration, not only of the government, but of the people of Canada, that the balance of trade should be reversed. I submit, in all seriousness to hon. gentlemen, that the government of the day has already recognized the fallacy of the doctrine to which they have adhered. While they have been congratulating the country upon the immense expansion of our trade, and while they join in the paeans of praise which have already been expressed, or I might say chanted so musically by my hon. friend from Centre York, there is the fact, nevertheless, that it is simply the boy whistling as he passes the graveyard, and the balance of trade of the immense magnitude which I have mentioned, namely \$118,000,000, to-day faces the people of Canada. Why do we find the government of the day introducing as it did last year a very radical departure from the policy which it had adopted some years ago, namely as to preference to Great Britain? Since the adoption of the preferential tariff by the present government, the imports from Great Britain into Canada, at the expense, I say, of our exports, have increased to almost \$50,000,000. Hon. gentlemen opposite will pin their faith, so far as expression is concerned, to the preferential tariff, but what do we find? We found last session a statute placed upon our statute-book, adopting an intermediate tariff which has the effect of at once reducing the preferential tariff to an amount not exceeding 10 per cent of preference. Why is that? If all this prosperity which hon. gentlemen of the Liberal party have been speaking of for so many years has been well founded, was established by reason and by logic, would hon. gentlemen have been determining to recede from the position, which they did last session by the adoption of an intermediate tariff? What does the adoption of an intermediate tariff mean? It means that instead of extending to Great Britain the preference which we have already done of 33 per cent of our tariff, we have gone to the nations of the world and we have said to them 'we are prepared to extend to you preferential treatment provided we receive something in return—preferential treatment on a reciprocal basis—and all hon. gentlemen have to do, is to look at the trade of Great