party organization. Indeed, the chief function of the party organization is to furnish a cover or screen for the political activities of groups which desire to keep their true objectives invisible.

He is in favour of such outside influence being exerted; he thinks the money power is beneficial on the whole; some of us can hardly agree with him.

The minister makes a great deal of what he calls our "favourable" trade balance. I would suggest that he is still harbouring the antiquated economic theory of the mercantilists, that the excess of exports over imports is an indication of prosperity. His theory forces him to put Canada in 1913 in the same class with the Argentine and British India. He seems to have some misgivings, however, for he says:

> Both the decrease in exports, $28,000,000 and the increase in imports, $56,000,000, can be attributed principally to greater domestic demand under conditions of prosperity such as we have been enjoying.

If this argument is true I submit that if we had still greater prosperity presumably the exports would decrease and the imports increase still further, but with absolute disregard for logic the minister proceeds:

> But it is also apparent that our ability to produce still exceeds our capacity to consume by a broad margin, and that our exporters annually market over a billion dollars worth of goods in other lands.

Just look at this question of the trade balance for a moment in a perfectly practical way. When does a farmer send off his farm more goods than he receives payment for? Surely he does that only either when he is making a loan or when he is paying a loan; those could be the only reasons for his continuing to ship goods out without having goods shipped in. Where is the "favourable" trade balance in such a case? I should like to quote an authority for this position. I tried to refresh my memory with regard to economics, and consulted The Principles of Economics by Seligman, one of the acknowledged authorities. He says:

> The so-called favourable balance of trade is for several reasons a delusion. It is difficult to state with accuracy the exact relation between exports and imports.

And he goes on in detail to explain the reason, concluding:

> The statistics themselves are therefore of dubious value. Even if the balance could be accurately ascertained, however, it would not tell us anything of importance. Some prosperous countries, like England, Germany and France, habitually import far more than they export; some poor countries like Peru, Siam and San Domingo, habitually export more than they import.

He might have added Canada. Further on he explains the situation.

> An excess of imports may represent the incurring of liabilities to other countries which must be met hereafter, or it may, on the contrary, represent a liquidation of past or present indebtedness by other countries. In the same way an excess of exports may mean that one country is making others its debtors. Or, on the contrary, it may be a measure of the amount of tribute which that country is paying to others for past or present favours in the shape of capital invested or services rendered. In itself the so-called balance of trade is irrelevant.

It seems to me that years and years after treatises of this kind have been written, a hundred years after these old theories have been exploded, we might hope that at least the minister would not come from year to year and try to fool the public by talking of the "favourable" trade balance.

In view of what Seligman has said I should like to examine some of the possible explanations with regard to this excess of our exports over imports. In an article in MacLean's Magazine of August 15, 1927, Mr. W. A. Irwin calls attention to the fact that our total wealth is estimated at $22,000,000,000. He gives our debts up to date—federal, railway, provincial and municipal—as $5,700,000,000, and he says that means that one-quarter of our national wealth is mortgaged. I may say that almost 30 per cent of these mortgages are held outside of Canada, so there is not much wonder that we have to ship out the interest on these mortgages. In addition to the public mortgages we have a very large number of foreign investments in this country, and in this connection I would call attention to some very interesting studies recenty made by Kenneth W. Taylor, and published in the Financial Post. With regard to the ownership of Canadian securities, Mr. Taylor gives the following figures:

Ownership of Canadian Securities 1927

	Grand Total	Canada	Total Foreign	United Kingdom	United States	Other Countries
Total (excluding land and mortgages).. .. .	$15,793,000,000	$10,885,000,000	$4,908,000,000	$1,927,000,000	$2,798,000,000	$183,000,000
Per cent..	100.0	68.9	31.1	12.2	17.7	1.2