

under the present system, in order to succeed in foreign trade must sell more than it buys. That is true, is it not? Very well, then. If foreign trade is to succeed in respect of ten nations, every single one of them must sell more than it buys—which is an absurdity. It is an impossibility, and a fact which lies right near the basic cause of this war. Is it not possible for ordinary members of the Liberal party to get that idea into their heads?

Now, if any nation fails to have a favourable balance of trade, what happens to that nation? It goes into debt, and it has to pay the debt off with gold. It will be unable to get the gold unless it finds some nation which will trade gold for goods. If it is unable to find such a nation, it continues in debt. Let members of this house tell us what a nation like that can do in circumstances of the kind. It is a victim of the break-down in the mechanism of international trade. What can it do? It must raise trade barriers, because when it gets into debt it incurs adverse exchange on its money, which makes the situation worse. It has to pay interest on the debt, which again makes the situation worse.

Will somebody tell me how in the world nations would get along if they had a supranational authority which said to the nation, when it wished to put up a trade barrier to protect itself, "You must not do that"? What would the nation do? If the Prime Minister by any stretch of the imagination can call that international cooperation, then he certainly has a unique definition of those words. It is an impossibility for every nation to export more than it imports.

For years Canada has had a favourable trade balance. Has that fact enabled her to distribute? Not nearly successfully enough.

Then the question of free trade arises. What would happen under free trade? Canada would immediately at least buy as many extra goods from outside as she would sell outside. In other words her trade balance would hardly be affected at all in her favour. But if it were affected at all it would probably aggravate her difficulty. Where for example would western Canada buy her butter, if not from New Zealand? Where would western Canada buy her mutton, if not from New Zealand? That is a mere illustration of what would happen if we had complete free trade.

My argument is that the trade mechanism simply will not solve our distribution problems. The considerations I have mentioned must render anyone suspicious of the adequacy of foreign trade alone as a mechanism of distribution. I have another illustration for those who are anxious to find out about this matter. Has free

trade worked where it has been applied? We have one fine example of free trade right here in Canada, where we have nine nations—provinces—with utterly free trade. And what good has it done them? In the United States they have forty-eight fine sovereign states, free to trade, and able among them to produce practically everything they want. Where has it got them? I will tell you where it got them in 1935; it got 23,500,000 people on relief. A country such as the United States, able to produce enough goods to give every family \$4,400 worth of goods and services, was able to give the bare necessities of life to only twenty-one out of every hundred. That is where it got them. That is free trade in the United States. There they have forty-eight nations, absolutely free to trade. And if a supranational government would do any good, then surely they had a supranational government in Washington, just as we have a supranational government in Ottawa, and getting more "supra" every day. Let us face the facts. It is time the Prime Minister sought a new mechanism of distribution. That is my point.

I find that my time, with the exception of two minutes, has expired. In the time at my disposal I am going to refer to or hint at a very important work, one which I commend to the Prime Minister, all the members of his cabinet, and all his supporters, as one which should be read over and over again. I hold in my hand a report of the London Chamber of Commerce on the general principles of post-war economy. If there is any group throughout the world which has faced realities, and which knows what's what about trade, and practically everything else pertaining to economics, then one certainly would expect this group of people to know. It consists of 9,000 firms and companies and 39 industrial and commercial associations, with a membership of 50,000, all of whom are represented on the committee which drew up this report.

I have not time to read the important points in the report, but if I had I would go through it and read quotations from it. But the report accepts as sound a little work entitled "A Twentieth Century Economic System". If the Prime Minister and his cabinet, and the committee, will take those two documents, read them through, over and over again, and digest them, they will have an idea that will beat in a hundred ways the silly proposals they are advocating now. They will not need any Beveridge report after that. I shall read one quotation to show the line along which the report starts. On the first page it says:

The chamber submits that constantly raised tariffs—