

question. He asked "Are we not trading enough with the United States?" Well, my answer is very emphatic—we are not. We are not trading enough with the United States; we are not trading enough anywhere. The more trade we do the richer we shall become; so that to restrict trade is to restrict wealth and restrict prosperity. Therefore I give my hon. friend's question a very emphatic answer. We are not trading enough with the States; we are not trading enough anywhere. Why, the sources of international wealth in the civilized countries are extremely simple to explain. Nations get wealth almost exactly in proportion to the extent that they produce surpluses of wealth and exchange those surpluses with one another. International trade is an interchange of surpluses of wealth. That is a fact which will not be gainsaid by anyone that knows anything about economies. So that when we produce in Canada 300,000,000 bushels of wheat in the year, and we only use 60,000,000 of it and have 240,000,000 to send abroad, what do we find? When I came from the west in such a year I find the face of every eastern merchant wreathed in smiles because, as he puts it, we have had a good crop. But the real reason for his smile is that we have increased our production and are sure, to that extent, to increase our trade. Now that is my answer to my hon. friend—we are not trading enough.

Let me just point out in this connection that there is a great deal of confused thought about the value of exports and the value of imports—in trading between nations—exports and imports in purely trade transactions must be equal. In export always buys an import. When what is called an adverse balance of trade arises, it is due to complex causes to which I may refer in a minute. That was the next question to which the Minister of Finance addressed himself. He said "What do hon. gentlemen opposite think of an adverse balance of trade as between the States and Canada?" Well, I will tell my hon. friends opposite what I think of the adverse balance of trade. I think that in the first place it is due to definite economic causes, and the great cause of it is that we are borrowing enormously from the States. I think, in the second place, that the policy of the present Government has been a contributory cause of that operation, because they have been great borrowers. And I think, in the third place, that the best way to alter the adverse balance is to stop borrowing as a

[Mr. M. Clark.]

nation. My views on this question are not original, the difficulties in the world to-day in this connection are not new. They were just as present and as potent in the world a hundred years ago when Huskisson, the greatest economist in the Parliament of Britain at the beginning of the nineteenth century, and one of the greatest statesmen, definitely laid down principles which are held by all economists up to the present day. We are buying more than we sell to the States because we are borrowing so much from that country—borrowing as individuals, borrowing as municipalities, borrowing as Provincial Governments, and, during the war, we borrowed as a Dominion Government. Many of our Victory bonds are held there now. All these borrowings come into this country in the shape of United States goods and constitute that adverse balance of trade which my hon. friend the Minister of Finance so much laments. In other words, he and his predecessor in office create a condition and then mourn over it. Well, circumstances have compelled them, of course, to give up borrowing as a Dominion Government. Therefore one need not read them a long lecture upon that point.

Now, I want to point out this in regard to the answer I made to the minister's question: Do we not trade enough with the States? Hon. gentlemen say, It would be all right if we could export to them, but it is these excessive imports that cause trouble. Well, I want to point out that with the growth of our trade with the United States last year, while our imports from the States increased, it is true also that we exported \$100,000,000 more to the States than we did in the previous year, showing the truth of the fiscal theory I quoted a minute ago, that in the last analysis international trade is an exchange of surpluses. If my hon. friend the Minister of Finance is to answer my question in a different sense and say, we have traded enough with the States, then I want to tell him that just as surely as the sun is shining this moment, if he stops imports from the United States by a tariff, he will to that extent inevitably in the long run also stop our exports to that country. There is no escape from it. A dam would be no dam if it let the waters run upwards while it stopped them coming downwards; it stops the water running either way. An obstacle to trade has that effect. When you shut import out of your country you shut exports in, and to that extent you impoverish yourselves and stop your wealth increase.