

The Budget—Mr. Ralston

on the budget in 1927, he uttered these words, which appear on page 402 of Hansard of that year:

For that reason I view with the greatest apprehension, as a danger very serious in its consequences to this country, the diminution in our export trade.

He continued:

We find the grand total of the export trade of this country for last January was \$84,094,694 as against \$84,718,819 in January, 1926.

It will be noticed that the decline for the month of January, 1927, amounted to \$600,000. How much more should my right hon. friend be shocked when I tell him that the decline in exports between January, 1930, and January, 1931, is not \$600,000 but \$28,000,000.

I intend to put on Hansard something which perhaps will be regarded as being academic but it is something which I believe we should be thinking about. These are expressions which have been let fall, particularly lately, in connection with the financial conditions which exist and with regard to the effect of tariffs, and particularly high tariffs, on economic conditions generally. Only a short time ago, a meeting was held at Washington of the International Chamber of Commerce—and by the way, I think my right hon. friend in the course of his speech made a quotation from the remarks of one of the gentlemen who were present—and leading economists and statesmen from all over the world attended. I want to put on record one or two of the statements which were made at that meeting by gentlemen from different countries. In the first place, Doctor Coates, well known English economist, who is director of Imperial Chemistry Industries, Limited, made this statement in regard to high tariffs:

"High tariffs stimulate the growth of nationalism," Doctor Coates continued. "They provoke every country to confine its economic life strictly within its own borders. The idea comes to be expressed in the form of no imports and no exports,"—

I do not think any truer words could be said about Canada than that.

"—except in so far as existing international obligations or climatic reasons compel them."

"To-day if any one country entirely lives to itself, it will seriously damage its own economic structure. Even this great republic, with its wealth of natural resources, to-day finds itself so linked to the economic unity of the world that a fall in the fortunes of less favoured countries, a restriction of their trade, a diminution of their purchasing power, reacts disastrously upon prosperity in this country.

"Foreign markets provide the extra volume of sales needed for a profit. Tariffs are closing those markets. Tariffs are cutting out profits."

[Mr. Ralston.]

Then Mr. Georges Theunis, former Premier of Belgium and retiring president of the International Chamber of Commerce, said:

I personally am convinced that the commercial policy and the customs tariff in force in most of the countries of the world constitute one of the fundamental causes of our actual economic troubles. It is precisely in this field that concerted action would be effective, but very considerable and patient efforts will have to be made. A liberal customs policy might be expected to lead to better business conditions. But the present depression itself has the effect of increasing the protectionist temper of the various states.

General W. W. Atterbury, president of the Pennsylvania Railway, had this to say:

High tariff walls erected by nations against one another form one of at least seven fundamentals which must be "corrected" before business is put back on a sound and substantial basis.

The tariff walls which nearly all nations are building against one another, tending to separate the different countries into hermetically sealed compartments, so far as commerce is concerned, and further complicating the problem of the war debts.

This is another statement to the same effect from Doctor Benjamin M. Anderson, economist of the Chase National Bank of New York:

We are in the midst of a severe business depression which is world-wide. The most serious obstacle in the way of early recovery is the state of our foreign trade. The most serious obstacle in the way of the revival of our foreign trade is our high protective tariffs. The quickest way to get out of the existing depression is to reduce our tariffs so that our foreign customers may sell more goods here and get more dollars with which to pay interest upon their debts to us and with which to buy our goods. If we do not buy we cannot sell. If we do not buy enough we cannot sell enough.

If I may say so with great respect, that royal commercial traveller, His Royal Highness the Prince of Wales, gave expression to what is in the minds of many people when, I believe, at the trade conference which was attended by the hon. member for Argenteuil (Sir George Perley), he said:

In the course of my studies of the Spanish language, I have been impressed by the fact that the term generally in use in Argentine in referring to foreign trade is "intercambio commercial"—that, to my mind, is wider than our own, and gives a clearer conception of the essential reciprocity of trade.

The failure to recognize trade as an interchange and the obstacles placed in the way of reciprocal trade are perhaps the main causes of the world's present trouble.

That states the crux of the difference between my right hon. friend and those who sit on this side of the house. What my right hon. friend is trying to do is to improve conditions by higher tariffs, when at the same