

progress. Canada has won a non-permanent seat on the council of the League of Nations; we are making every effort to increase our trade with other parts of the motherland as well as the other countries of the world, and during the past year we celebrated the sixtieth anniversary of our confederation. I believe it very important to have mentioned that point in the speech from the throne, because I think we should know more about our background of history and the material developments of the past, in order to be more fully alive to our duties in the years to come.

The speech from the throne emphasized the fact that we are making progress by land, by sea and by air. On land we are branching out and colonizing new areas; we are building a new railway in the north which will give our trade a new outlet through Hudson bay. Work has already begun on the construction of a new ocean port at Fort Churchill on this great inland sea. We are also taking to the air, making every effort to assist in the development and advancement of aviation. So all in all, Mr. Speaker, while the speech from the throne did not mark the beginning or the end of things, yet the message contained therein is one of congratulation to the government and commendation for legislation already brought down or to be put into effect.

The budget seeks to tell us just what we are doing as a party for the country in a financial way. We have an estimated surplus this year of about \$54,000,000; we expect to be able to pay off this fiscal year \$38,000,000 of our national debt, and in addition to that we have lowered taxation by about \$19,000,000. Our taxation reductions in 1926 amounted to \$25,000,000; in 1927 they amounted to \$27,000,000 and in 1928 the figure is \$19,000,000. On the other hand, before the Liberals came into power in 1921 the national debt increased greatly. The Conservatives in 1920-21, their last year in power, had a deficit of \$92,000,000, but we have balanced the budget, and to-day we have progressed so well that we can announce to parliament a large reduction in the national debt and an estimated surplus which will prove to the world that as a people we are advancing and mastering our difficulties, both financial and commercial.

Then we come to the principle of the British preference, and in the budget this year we do not depart from that principle, which was laid down by the Liberal party in 1897 after 18 years of Conservative rule. In 1897 the principle of the British preference was introduced; it has been gradually amplified, and the Liberal party are still adhering

to it. The Conservatives talked about preferences within the empire for years, but until the Liberals were returned to power no move was made to bring them into being, so it is important to know the history of the British preference in connection with the development of this Dominion. In 1868 the imports into Canada from the United Kingdom amounted to about \$37,000,000; in 1897 that figure had dwindled down to only \$29,000,000, and if that had gone on the trade between Canada and the United Kingdom would have almost ceased. But notice the change. The Liberal government introduced the principle of the British preference and in 1911, fifteen years later, the imports from the United Kingdom amounted to about \$110,000,000. In 1919, while the Conservatives were in power, they again dropped to about \$73,000,000; in 1926 they went up to about \$163,000,000, while to-day they have gone up to \$214,000,000, or practically triple the figure in 1919. But when we buy from a country we expect that country to buy from us, because there are two sides to every trade transaction. If we did not trade with the outside world, the outside world would not trade with us, and consequently our world trade would gradually go down as was the case in 1896, when the wheels of industry stopped and commercial development was almost at an end. At that time Canada lacked perspective and vision, and if ever a country needed political direction we needed it then. When the Liberals came into power, however, a change took place, and I have already shown what that change meant with respect to imports from the motherland.

Now let us consider the exports, which in 1868 were practically nothing. In 1897, when the British preference was introduced, they amounted to \$77,000,000. In 1911, fifteen years afterwards, they had about doubled and stood at \$136,000,000. That is loyalty of a practical nature. That is what counts in the consolidation or the building up of the empire. It is not a case of indulging in idle dreams, or of flag waving; it is getting down to actual business and doing something which will not only build up the empire but will unite this country more closely in a commercial sense with the old country and the rest of the dominions. As I say, the total in 1911 was \$136,000,000. In 1922, when the Liberal government again came into power, the total was \$300,000,000. In 1926 the total had grown to \$500,000,000, while to-day it has reached approximately \$542,000,000.

Then what about the total trade of the United Kingdom with this Dominion? In 1897 the total was only \$105,000,000. It is no