

for the country, and therefore best for the banking interests, even better than the bankers themselves. But whatever has been the wisdom or unwisdom of a policy of restriction on Canadian trade in the past, the present condition makes the continuation of such a system impossible for the future.

I have in the earlier part of my remarks pointed out that by the year 1914 the Canadian people, whether acting through their federal, provincial or municipal governments, or associated as corporations or as individuals, had borrowed about two and a half billions of dollars, mostly from Great Britain. Since then, largely due to the war, our borrowings outside this country have increased by no less than another five hundred millions, and should the war last much longer I believe that the debt due by the Canadian people to the outside world will not be far from three and a half billions of dollars. The debt of the Federal Government will not reach this figure, but the total obligations of all Canadians to creditors outside Canada may do so.

What does this mean? It means that the interest on this amount will have to be paid yearly by Canada. It will not be paid in money; it will be paid in goods. And in what goods will it be paid? Taking the year 1914 as our last normal year, we find that the total exports of Canada amounted to \$455,437,224, and of this amount only \$67,602,238 worth was of manufactured goods. Can we look, under our present fiscal system, to any great increase in the export of manufactured goods? I answer "no," because the Canadian manufacturer operating under our present system is at once the victim as well as the beneficiary of that system. The Government, in attempting to reserve the home market for the native manufacturer necessarily by so doing increases the costs of production of the native manufacturer. One man's unfinished product is another man's raw material, and as the Government tries to encourage all manufacturers, it must inevitably, and does, increase the price to many manufacturers of the materials which enter into their finished products.

The only way we can meet our immense interest payments will be to increase the export of the great natural and extractive industries of this country. These are far and away greater, even under present conditions, than the export of manufactured goods. Thus, in 1914, we exported almost \$207,000,000 of agricultural produce; just about \$54,500,000 of animal and other produce; about \$20,750,000 of fish; just over

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\$43,300,000 of forest produce; considerably over \$59,000,000 of mineral produce; just a little over \$3,000,000 of miscellaneous produce—as against a little over \$67,500,000 of manufactured goods.

How can we increase the produce of the farm, the mine, the sea, and the forest? By taking off the economic disabilities under which these producers at present suffer; by giving them their machinery of production at lower rates of duty, and by reducing all round their cost of operation.

In order that this country may face its debts in manful fashion and pay them we must enormously increase the rural population of Canada. What is the situation? In 1871 only fourteen out of every one hundred of the Canadian people lived in urban areas; in 1881, the proportion had not increased; by 1891, however, it had more than doubled, and thirty-one out of every hundred lived in urban areas. In 1901 the condition had become more intensive, and thirty-seven out of every hundred lived in a city or town, while in 1911 45½ persons out of every one hundred lived in an urban area, and to-day the best authorities tell me that fully one-half of the Canadian people live in urban areas. We have developed our towns and cities altogether beyond the power of the rural population to support them. We are in the position of an hotel proprietor who has built an hotel and equipped it for a thousand guests, and finds that only four hundred frequent his hostelry. His overhead charges are those involved in preparation for a thousand guests, but the receipts are those that come from only four hundred. The hotel may go bankrupt unless the number of guests can be substantially increased. We have got to increase the population of rural Canada. We cannot expect to attract or to hold the number of settlers which we otherwise would do unless we make living conditions, as far as we can, as easy, if not easier, than in the United States. We cannot ask the grain grower or stock raiser of the western prairie to compete with men in the same lines of business from the United States, from Australia, from the Argentine, unless we can get all the articles in his business and all the articles for his personal needs and those of his family at prices as low as those at which his competitor can satisfy his needs.

The economic effect of what I have just laid down will not be felt in its intensity so long as there is cheap land, but once the supply of cheap land comes to an end, then the full economic effect to which I have alluded will come into operation.