

enough; these duties they would make so high as to render it almost impossible to develop the mining properties of this country. That is the way they would encourage our mining industry. Then if the mining syndicate overcome that difficulty and get their mine developed to the producing point and have a chance to sell the ore abroad, my hon. friend from Vancouver Centre would say: "No, you must not sell your ore abroad; you must build a smelter in Canada and treat your ore here." And to encourage them he would increase the duty on the machinery of that smelter! That is how hon. gentlemen opposite propose to develop industry in Canada by means of their protective tariff.

My hon. friend had something to say about the United States favourable balance of trade and our adverse balance of trade. When I asked him how the United States received payment for all the surplus goods they sent abroad, he said they accepted it in gold. I should like to ask him if we in Canada pay our adverse balance of trade to the United States in gold?

Mr. BENNETT: Certainly.

Mr. YOUNG (Weyburn): Certainly not.

Mr. BENNETT: If the hon. gentleman will ask the Minister of Finance (Mr. Dunning), he will tell him exactly what has been going on during the last few months.

Mr. YOUNG (Weyburn): Are we shipping that out of the country?

Mr. BENNETT: No, we have to make arrangements for the purchase of it. When I say gold I mean money.

Mr. YOUNG (Weyburn): Our exports of gold last year amounted to \$60,000,000 and our imports were about half that amount, leaving a net export of \$30,000,000 odd.

Mr. BENNETT: That is right.

Mr. YOUNG (Weyburn): How do we redress that two or three hundred million dollar adverse balance of trade? We pay for it in goods or in services, not in gold.

Mr. STEVENS: Or borrow.

Mr. CAHAN: We pay part of it by borrowing money in the United States.

Mr. YOUNG (Weyburn): We are not borrowing much at the present time.

Mr. STEVENS: Yes, we are, we are borrowing too much.

Mr. YOUNG (Weyburn): The country of Australia has been held up to us as a model country which we should follow in these matters.

Mr. BENNETT: By whom?

Mr. YOUNG (Weyburn): By my hon. friend's predecessor in office.

Mr. BENNETT: That is a complete answer.

Mr. YOUNG (Weyburn): He told us that we should do as Australia was doing, that Australia was going to build up a high tariff wall that would shut out imports and permit only exports, and that that was the policy that would develop their resources. What did they do? They adopted one of the highest tariffs in the world.

Mr. STEVENS: It is lucky for my hon. friend that the Right Hon. Arthur Meighen is not here.

Some hon. MEMBERS: Order.

Mr. STEVENS: Order nothing.

Mr. YOUNG (Weyburn): Am I the only one who is glad of it?

Mr. STEVENS: No, there are a lot of others over there who are glad.

Mr. YOUNG (Weyburn): And over there, also.

Mr. STEVENS: No.

Mr. YOUNG (Weyburn): Now, let us see what happened in Australia under their high tariff. They have over two hundred and fifty items in their tariff which carry a rate of over forty per cent. This has increased the cost of production to such a point that it has become impossible for them to export—to compete in the markets of the world. They said in their hearts: "We will adopt a tariff that will make it possible for us to sell and not to buy." The result has been the very reverse. Now they have to buy instead of sell, and they are wondering how they are going to pay for their imports, because they cannot make anything cheap enough to sell to anybody else. That has resulted in their adverse exchange rate of about six per cent, mentioned the other night by my hon. friend from Vancouver Centre. He said they redressed that by the export of gold, and the figure quoted by him was \$79,000,000 odd.

Mr. STEVENS: I said in the last eight months.

Mr. YOUNG (Weyburn): That makes it worse still.