

would not have been at par. I am sure he will agree with me when I state that before 1911—and even now for that matter—Britain was the great carrying nation of the world, and it was the receipts from her great mercantile marine that helped to keep the British sovereign at its high point. Then may I remind him also that not only was Britain the great carrying nation of the world, but she was the great money market of the world, and the interest on her foreign loans was also a great factor in keeping British exchange from where it would have been had she relied only on her trade. Before the war Great Britain had no less than \$19,000,000,000 loaned to other countries. When we conceive of the interest on that vast sum and take into consideration, as I said, the large receipts from her shipping, we have there the reason why the adverse balance of trade was offset and the British sovereign stood on the highest pinnacle of finance.

And I might just add this for the comfort of those who have any doubt as to the ultimate solution of this exchange question. Great Britain is still the great carrying nation of the world, and she is still, in spite of her external debts, the great money market of the world. The \$19,000,000,000 that she had loaned to other countries before the war has been reduced, it is true, but it is still somewhere in the neighbourhood of \$13,000,000,000, while her external debts are in the neighbourhood of \$6,000,000,000, leaving a balance in her favour of about \$8,000,000,000 in foreign lands. I am confident that in the near future British exchange is going to rapidly recover—in fact, it is rapidly recovering now, and I think inside of the next twelve months we will have an entirely different state of affairs as far as Great Britain is concerned, and possibly by that time the British sovereign will have regained its old place. Why do I say that, Mr. Speaker, I have already given you two reasons for the cause of the present exchange situation. A third reason, to my mind, will be the great tourist traffic to see the battlefields, which will help to increase the value of the British sovereign.

Another factor is this, and it is of importance in its bearing not only on this country but on nearly every country with which Great Britain will do business, and what I say regarding Great Britain will apply in a more or less degree to Canada: At a word from the war office in 1914 the whole machinery of Great Britain was scrapped. What took its place? Instead of

machines requiring skilled mechanics behind them, the best brains of Great Britain were put to work to produce fool-proof machinery. They succeeded. They have also increased their army of working men by hundreds of thousands. These men have been taught to use the lathe, the micrometer and the gauge, and where before you had tens of thousands of skilled men you now have them in their hundred thousands. She has also greatly improved her ports and her railways—this affords me an opportunity of congratulating our Government on their shipbuilding programme and their amalgamation of our railways, because I think that policy is going to be a great factor in our national trade—I say that Great Britain has improved her ports, she has improved the calibre of her working men and of her machine shops, she is still the great money market of the world and the great carrying nation of the world; and when she gets through, as she will before very many more months, buying millions of dollars every day of food and materials from the American republic and paying for them in cash, not for herself but to turn over to the starving nations of Europe on credit, we will have a different condition in the exchange situation of the world. What applies to England will apply more or less to Canada. If the time comes in the near future when we can collect from Britain, the exchange situation so far as Canada and the United States are concerned will very rapidly improve. I say, therefore, that the time is coming when we shall not be able to buy cheaply from Great Britain and sell to advantage to United States, on account of the exchange rate.

I see difficulties and dangers for Canada as a result of this condition. The ex-Minister of Finance (Sir Thomas White) pointed out this afternoon what we all, of course, know, that the German mark has depreciated from about twenty-three cents down to about one cent. Only to-day or yesterday we have seen in the press a report to the effect that the Supreme Council of the Allies are arranging for a large industrial loan to put Germany on her feet. That loan is to have priority upon the assets that were to secure the liability of Germany to the Allied nations. When Germany gets established, if the exchange rate is anything like what it is now, I see difficulty in Canada's upholding her position in the commercial world. I was told last session—probably many of you have heard of the same thing—that a certain firm needed a certain kind of machinery