

had to suspend its gold payments, and that England has gone off the gold basis? Does he not know that the financial structure of every country in the world but two has been more or less destroyed? Does he take no stock of that? Does he not realize that in this world we are facing conditions and not theories, that what was true in 1929 and 1930 is no longer true? The world to-day is in a condition for which there is no parallel. Anyone who takes the trouble to read must know that. Then why endeavour to mislead people? Why endeavour every single moment to have them believe that conditions have not changed in Canada as they have elsewhere by reason of a situation that is worldwide? Are conditions in Canada to-day the same as they were a few years ago? Have not world conditions changed the whole face of the globe? Have conditions not changed in the great republic to the south of us? Have conditions not changed in Germany, in England and in every country of Europe? Has not the destruction of the financial structure of England reacted upon the structure of every country in the world? And why should we escape? We have not escaped, and when we venture to point out what the conditions are and what measures must be taken to avoid the pitfalls that have beset others, we are charged with restricting trade, with destroying the life of trade.

Now let me deal with what I conceive to be one of the most important problems which this house has to consider. Confronted with that situation—the destruction of the whole financial structure of the various countries of the world—we realize that the only medium by which international balances of trade are to be adjusted is gold, so long as the world retains the position that gold shall be the standard for international settlements. When England went off the gold standard and other countries followed, international balances had still to be settled in gold. This country has contracts outstanding, obligations in connection with railways, in connection with its own national debt, in connection with the provinces, in connection with the different municipalities, by which we had promised, in the gold coin of other countries, to meet our obligations and liquidate our debts. That was our position. Long months before that, thoughtful men had realized that the conditions in England were such that Great Britain could not long continue to maintain its gold standard. England secured credits, one from France and one from the United States, hoping to avoid the crisis. What was the cause of the crisis? The cause of the crisis was the continued purchasing of more

[Mr. Bennett.]

goods than they had goods to sell, so that there was an adverse balance of trade of £2,000,000 per week, as Mr. Chamberlain said a week ago. That had gone on month after month and year after year until the point had been reached when the inevitable crisis could be foreseen. To meet it credits were established, but they were insufficient; and unequal to the task imposed upon it the bank surrendered. A statute was passed in England by which not only were the directors indemnified for the action they had taken on the last day when the bank failed to meet its obligations in gold, but the country was withdrawn from the gold basis. What did that lesson teach us? Long before it came we realized what it meant to us, and on the strength of the legislation which we passed at the last session and the preceding session this government undertook the task of trying to change the trade balance in Canada. That was our task. The right hon. gentleman omitted to state the trade balance in 1929. In the year 1929-30 the adverse trade balance of Canada was \$90,000,000; that is, on March 31 we had purchased in trade, in commodities, \$90,000,000 worth of goods more than we had sold. The next year, ended March 31, 1930, for which the right hon. gentleman was entirely responsible—his government was still in power—that adverse balance of trade had risen to \$103,000,000; and this year, thus far, we have been able to reduce it to less than \$10,000,000. In the month of January last \$5,000,000 more was taken off it, so that we have every reason to believe that at the end of the fiscal year we shall have overcome the adverse balance.

Do hon. members realize how difficult that task has been? I wonder whether they realize just how far-reaching were the measures which had to be taken to accomplish it. My right hon. friend has complained that the merchants find it disagreeable, and he says there is instability and uncertainty with respect to tariffs. Of course there is; it could not be otherwise. How could it be otherwise? We have had to meet that situation by orders in council, by executive action, by doing everything that prudent men could do to prevent the catastrophe that fell upon England. Mr. Ramsay MacDonald, who did not believe that the inevitable day was coming as rapidly as in fact it was, told the British people before the election, "Keep on doing what you are now doing and insolvency is bound to come". In Canada we have to meet a non-trading obligation amounting to practically \$1,000,000 a day this year, obligations created for interest payments, for instalments on principal pay-