

1930, at the very time that this government came into power, the conditions which had been steadily improving were, for the reasons I have indicated, showing—

Some hon. MEMBERS: Oh, oh.

Mr. BENNETT: All you have to do is to read, and I will tell my hon. friends where they will find it—in Sir Arthur Salter's last book. Those were the conditions. What were we to do?

Mr. BOUCHARD: What you promised.

Mr. BENNETT: Exactly, and that is what we are doing, and what is more, what we propose to do. There are men in this house who will not permit their intelligence to work lest the conclusions might not be favourable to their own party. There are those who will not exercise their reason with respect to these matters. They must endeavour to make political capital out of a situation that is beyond the control of themselves and of their party and of parliament.

There is just one comment I should like to make upon the address which was made this afternoon by the right hon. leader of the opposition (Mr. Mackenzie King). He said: There are some matters which this parliament cannot control. A modest expression of fact, but that is so. Confronted with that situation what would you have had your country do? We did the only thing that a government similarly situated could do, and I am going to point out to you that the authority that was cited in this very seat by the ex-Minister of Justice (Mr. Lapointe), when the League of Nations in 1924 indicated that tariffs were standing in the way of the world's progress, advised Hungary in 1931 that she should use tariffs to lessen her imports. Why? You get back to the old question. Some hon. members here smile or laugh or giggle when you talk about the adverse balance of payments. I wonder if they have paused for a minute to understand the full significance of what is involved in that. Here you have two things to consider, what a country buys and what it sells. The balance of what it sells over what it buys is the visible evidence of its having a balance on the right side. If on the other hand it buys more than it sells, there is a visible balance against that country. Sir Arthur Salter puts it very clearly, and he himself is a pronounced free trader, as I shall presently point out. Then there are invisible things that go to counterbalance these matters, such as the interest payments that come to Canada from her investments abroad—and we have some investments in every part of the world;

the tourist trade that comes to this country to the amount of \$250,000,000 a year, and which when you deduct the \$76,000,000 that Canadians spend as tourists abroad gives us a favourable balance in tourist traffic alone of \$175,000,000, a very large item in making and shaping the commercial credit of this Dominion.

What did we find when we came into power in 1930? It was the proud boast of the late government that Canada of all the countries of the world had been the only one to lower her tariff since the war.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: Hon. gentlemen say, "hear, hear". Well, I will tell you what you did by that: You made it just that much easier for Canada to have an adverse visible trade balance.

Mr. DONNELLY: That means nothing.

Mr. BENNETT: I suspect that that is true in the hon. gentleman's case, but I am presenting my argument to those to whom it means something.

Let us proceed a step further. The house will remember that in 1929 the then Minister of Finance, in introducing his budget, explained that the Dominion of Canada had a favourable trade balance of over \$120,000,000. That was a matter of proud boasting on the part of the hon. gentleman. He said that we had a favourable trade balance of \$123,000,000, representing the excess of what we had sold over what we had bought. But what had happened by March 31, 1930? The hon. gentleman was still in power then. What happened was this, that in that twelve months the favourable balance of \$123,000,000 had been lost and there was an unfavourable or adverse balance of \$100,000,000. In other words, the imports were \$1,248,000,000 and the exports were \$1,144,000,000, or an adverse balance of over \$103,000,000. Just think what that meant. From Canada being in a position where she had over \$123,000,000 of free credits coming in from the excess of exports over imports, by the end of March, 1930, she found herself in the position where she bought during that year \$103,000,000 worth more than she sold.

Mr. YOUNG: What caused the decline?

Mr. BENNETT: The very conditions to which I have alluded, and the fact that during the period following the war the then government had lowered the tariff of this country so that it became a dumping ground for the other nations of the world. But what happened?

An hon. MEMBER: Nothing.