

chinery of production, more particularly with regard to textiles, but to-day who would invest any money in new machinery or new plant and equipment in either of those countries and hope to get a profit from the investment? So that brings the world to a stage of development that it never reached before, and the problems before us to-day are new problems. Old methods will not meet them; we must have new methods to deal with the problems with which we are faced to-day, otherwise we will fail absolutely in our efforts to meet the exigencies of the situation.

How did we manage to pay for all this new machinery of production? It was paid for to a large extent from savings, whether those savings came from profits or from salaries and wages. Those savings represented surplus purchasing power which the owners did not require in order to provide for the sustenance of themselves and their families, and which as a consequence they were able to use for the purchase of new plant and equipment as new inventions came along. That was how we paid for the new machinery we have acquired from time to time, but the situation to-day is different, as I see it. To-day practically all countries are industrialized. Look at our bank records and see what has happened. Large volumes of surplus purchasing power are being placed in savings account. There never was a time in the history of Canada when the banks had more money in their savings accounts than they have at present, though it is true that according to the report of the Department of Finance there was a slight reduction in savings accounts last month. This means that as far as the people who own those savings are concerned, they have first of all provided for the sustenance of themselves and their families and placed their surplus purchasing power in savings accounts. Where is there an opportunity to-day to invest that surplus purchasing power? There is none. Federal, provincial and municipal governments may float certain loans, but the amount of these savings used to buy such bonds is insignificant in comparison with the total volume of savings deposited with our banks. What is to be done with the balance? How can that surplus purchasing power be used as such? Those savings represent goods and services now available, which are not moving because of the fact that these savings cannot be used as purchasing power, their owners already having provided for the sustenance of themselves and their families. Where is there an opening to-day for the use of this surplus purchasing power, whether it be deposited with the banks or elsewhere? Where are these

people to-day to secure a safe and profitable investment for that surplus purchasing power? There is no such opening at the present time in this country, and with the exception of the three countries I have mentioned, every other country is in the same position as Canada, for every other country is to all intents and purposes fully industrialized.

The capitalist system, as we know it, and I pay it this tribute, has done more for the human race than any other economic system that has existed; but it cannot continue unless it continues to expand. And where is there any possibility of expansion? Where are the new countries that can be opened up in order that these savings may be utilized for further expansion under the system? Are there new industries of sufficient importance to take up the slack and make it possible for the surplus purchasing power to be invested with a reasonable degree of safety and profit?

In 1921 the automobile business made an opening for large amounts of surplus purchasing power; and there were also radio development and electricity. These three enterprises presented a great opportunity for the employment of surplus purchasing power, which could be invested at that time not only safely but profitably. That was why we overcame the depression of 1921-22 much more easily than we are getting over the present depression. But since that time this country has to all intents and purposes become fully industrialized; tremendous strides have been made since 1921 in providing Canada with new plant and equipment. But where is there any possibility of new industries being developed here or in any other country at the present time, of sufficient volume to take care of the surplus earnings of the people? That is the problem we are faced with. We may talk about tariffs and trade agreements, all good in their way; but when you come to the real crux of the problem you have to go much deeper than tariffs or trade agreements. It is therefore idle for this house to spend weeks and months quarrelling over these things; although they may have some importance it is idle for us to spend time in the hope of accomplishing something that will really improve present economic conditions.

Permit me again to call the attention of the house to the fact that we have new problems to meet such as we have never had before, even in the last depression, and old methods will not meet these new problems; we must devise new methods if we are to cope with the situation as it exists.