

trade under a Tory administration and that was in 1921-22, when there was a favourable balance of \$6,122,677. There you have, roughly, six favourable balances, in the period during which a Conservative administration was in office, leaving aside the hectic years of the war and the two post-war years, whereas the unfavourable balances amounted in all to \$55,000,000. Take the Liberal administration—and let us take the recent Liberal administration for the moment. It came into office in December, 1921, and was in power for eight and a half years; eight full fiscal years, from 1922-23 to 1929-30. In seven of those eight years there were favourable balances of trade, one having been unfavourable. The total favourable balances in that period amounted to \$1,495,452,723. If you subtract the unfavourable balance in the year 1929-30, which was one of the years we were in office, amounting to \$103,355,512, you have a net favourable balance over the period from 1922-23 to 1929-30 of \$1,392,097,211, or an average favourable balance during this period of \$167,000,000. In other words, in each of those years there was a favourable balance of more than three times the aggregate favourable balance under the Tory party during the entire period they have occupied the treasury benches since confederation. In two years the combined favourable balance alone was more than equal to the entire export of Canada during the period that the present government has been in office from October 1, 1930, to September 30, 1931. Leaving aside the war and the post-war period, 1914 to 1919-20, you have fifteen years of favourable balances under Liberal administration as against six years under Conservative governments.

If balances of trade are going to be the index by which to gauge the effects of different policies, then it would appear that the Liberal policies have been a good thing for the country. But may I say that when we wish to estimate the value of a balance of trade as an index to prosperity there are other factors to be taken into consideration. My right hon. friend well knows, because he has said it on different occasions, that there is the money that is brought into the country by tourists, as well as the money that goes out through settlers to other lands; there is also money in the form of investment or capital brought into the country. All these and other things have to be taken into account when you are estimating the significance of a favourable or unfavourable balance of trade. Adjustments have to be made back and forth between countries. Assume for the moment that favourable balances of trade

were the only evidence of prosperity: would it be possible for all countries to have favourable balances of trade at the same time? The favourable balance test reduces itself to an absurdity when one considers international relations as a whole and the manner in which credits are adjusted from time to time.

The Minister of Trade and Commerce (Mr. Stevens), speaking at the meeting of the Canadian Manufacturers Association on October 22, stated that eighty per cent of our trade was domestic and twenty per cent foreign. From that point he went on to declare that a one per cent increase in our internal trade would total \$50,000,000, while a one per cent increase in our external trade would total only \$12,000,000, from which he deduced that it was important to increase the domestic trade. What he really did was to make the discovery that one per cent of a larger sum was a larger amount than one per cent of a smaller sum. What he should have done was to point out that when foreign trade falls off, domestic trade falls off as well; that you cannot have trade going all one way, that exports have to pay for imports and imports for exports. Since this administration came into office what has happened? The exports for the twelve months ended September, 1930, amounted to \$982,000,000, while for the twelve months ended September, 1931, they had dropped to \$661,000,000. According to the Conservative doctrine there should have been a boom in the country at that time because \$300,000,000 of manufactured goods had been shut out and the home market should have been bettered to that extent. Can anyone say that that was the result? We stopped importing and we expected our ports to flourish. We were hoping for less in the way of movement by sea but we were expecting more in the way of transportation by land. The truth of the matter is that trade has to be kept up both ways if there is to be trade at all. If the carloadings or any other test is taken it will be found that the truth of what I have said is borne out. A policy which restricts trade will hurt business in all directions; a policy which helps to expand trade will help business in all directions.

I shall not take up at greater length the question of the balance of trade, except to mention that my right hon. friend has said that the country which is borrowing should have a favourable balance of trade. As a matter of fact the whole history of recent economic development on this continent is to the contrary. Up to 1873 the United States was making a very rapid development; dur-