

the United States, excluding mutual aid, amounting to \$954,000,000. Our adverse balance of trade with the United States, excluding mutual aid, is \$496,000,000, or \$603,000,000 including mutual aid. The credits we have given various countries have been used to the extent of \$838,550,000. If we take this away from the \$954,000,000, our favourable balance of trade with all countries other than the United States, and this leaves us a favourable cash trading balance with the world of \$115,450,000, or an adverse cash trading balance with the world, excluding mutual aid, of \$380,450,000, or an adverse cash trading balance with the world, including mutual aid, of \$487,000,000.

I do not think this is anything about which we should be complacent, especially when we remember that our adverse cash balance with the United States was \$603,000,000. Under the circumstances it seems obvious that we cannot increase that unfavourable balance indefinitely. From this one can see how dependent we are upon the economy of the United States, and upon the British commonwealth. I now ask this question. What steps have the government taken to improve our trading balance with the United States? Either we must have more exports to that country or quit buying from it. What are the prospects for the absorption of more of our goods by the United States market? Under modern conditions of exchange we cannot get the same amount of convertible money that we could get previously, because we cannot get it from the continent. Certainly there is nothing in this budget which indicates that any steps whatever have been taken along these lines. Do we have to wait for a report from the Geneva conference? How long will that be? How long will it take to implement the results of that conference? How much freer will trade be after the Geneva conference is over? Just here I should like to read a short note of warning by the governor of the Bank of Canada:

Canada cannot continue indefinitely to sell on credit in overseas markets while she is incurring a substantial cash deficit in her balance of payments with the United States.

Then later he said:

During the transition period, while our overseas customers are being financed largely on credit, we shall have to meet most of our balance of payments deficit with the United States out of our own resources. Fortunately we reached the end of the war with large United States dollar reserves. This gives us the opportunity to follow now the kind of multilateral non-restrictive trading policy which it is so greatly in our interest that other countries should adopt. It is obvious, however, that the successful functioning of this policy depends

[Mr. D. G. Ross.]

on our being able to realize, in due course, sufficient cash—i.e., freely convertible currency—from our overseas trade to meet our requirements in the United States.

The extent to which overseas countries can pay cash for their net imports from Canada will depend in turn on how soon they can restore their capacity to produce and to export to cash markets.

I do not want to be a prophet of gloom, but unless there is far greater acceleration in the rehabilitation of these countries abroad I am afraid we are in for a bad time. How vigorously is the government prosecuting its trade with the countries of South America? The one saving factor at the present time, of course, which makes for full employment is the tremendous amount of construction going on; but the construction industry can be responsible for the consumption of only a small amount of wheat, bacon, cheese, hogs, beef and other agricultural products, and other export markets must be found. In addition, some of our manufactured goods will have to be absorbed by other countries. Is the government putting forth its best efforts in fostering trade within the British empire and commonwealth? I hope it is. Somebody must buy these products or we are in for a bad time.

Now I ask, is the government prepared to meet the onslaught of a sudden depression? There is no war stimulus now, and the stimulus of production is lacking in the budget. Having regard to the past record of the government in matters of foresight, one cannot help but be apprehensive. Will the government wait and see until a depression hits us? If a depression comes in this country, it will come quickly and a government policy must be ready to have work started practically the next day, not next year. Is it again to be a case of too little, too late? There can be no excuse for the government of this country when it does not call another dominion-provincial conference. For its failure to do so, it must take the consequences, and the blame must be placed squarely on this government's shoulders.

When I read the minister's remarks about a surplus, I was indeed surprised. When I first heard him my impression was one of agreeable surprise. "Here" I thought, "is where the people of Canada are going to get some real relief from taxation, at last." He said that we had just ended a year in which our accounts showed a surplus, a surplus larger than the accumulated total of all surpluses in history. And in that fine ringing voice of his he made all hon. members on