

less than is bought from us in order to overtake and adjust these balances. The old rule, simply stated, is this: Every lending country should have more imports than exports and every borrowing country should ship out more than they buy. Canada, being a borrowing country, should be in the latter position; our great neighbour to the south, being now a lending country, should be in a different position. But she is not, and that is one of the great factors in the dislocation of world commerce. That fact is susceptible to exact proof. The United States loaned many millions of dollars to South America, the United States suddenly became the world's lender without having the great previous experience which belonged to London, and the result was that in a few years she had loaned as much money as England had in half a century or more. All this has brought disastrous results. These things are learned slowly; the mechanics of them do not come easily, and the result was, when the United States maintained high tariffs in order that she might have greater exports than imports although she was a lending country, that the loans turned out to be bad. That is the answer with respect to that.

The situation being as it is, we have taken the steps to which I have referred. I shall not insist on the word "tariffs"; so far as we are concerned you can call them anything you like; I care not what you call them as long as they are instruments in our hands to enable us to accomplish the end I have indicated. That is all there is to it so far as we are concerned. A complaint is made that our tariff is very high, that we pass orders in council to fix values for duty purposes which make it very difficult for the merchant to carry on his business. I have received one letter which indicates a willingness to make a sacrifice. A communication was received, not addressed to me personally but to another, in which a gentleman says: Unfortunately I must see certain sacrifices happen to my own enterprise, but Mr. Bennett is right, and this must be done.

An hon. MEMBER: Always right.

Mr. BENNETT: No. It must be done and we have done it. I am not unmindful of the criticism that may be urged because there have been changes, but how can these conditions otherwise be dealt with?

An hon. MEMBER: Try an embargo.

Mr. BENNETT: The position is so simple that I believe it commends itself to every hon. member in this house. When you find

an evil and have the means to remedy it, you must remedy it or you are recreant in your duty to this country. Believing as we did that this method afforded a remedy for an admitted evil—I say it is an evil—we took the remedy at our hands to overcome it.

The adverse balance of trade had reached \$103,000,000 when hon. gentlemen opposite left office, and that adverse balance had been changed from a favourable balance of \$120,000,000 prevailing only the year before. We did not come into power until the first of August, and the collections of duties for the first six months of the year were substantially the same as for the second six months, indicating that so far as tariff changes were concerned, the effect upon the duties had not been very marked.

I come now to another point mentioned this afternoon by the right hon. gentleman, and I deal with it now because it seems to me to be a convenient place to do so. He said: Look at the way trade has fallen. The League of Nations' figures show that world trade has fallen of by one-half, but notwithstanding that fact Canada has moved up to fifth place among the nations of the world. But allowance must be made for the change in values. I wonder if there is any realization in this country at the present time of what these changes in values mean? I looked up some of them the other day just because I desired to be informed, and I found that during the last few years values had so changed that while Canada's exports were substantially the same, the values placed upon them were, in some instances, only 60 per cent of what they had been, and in one case, only 50 per cent. That is a matter of considerable importance to this country at this time. It is pointed out also that our customs revenues have fallen off greatly during the past year; that also is true, but I wonder if hon. gentlemen have taken the trouble to observe that in one item alone, spirituous liquors, there has been a decrease of \$6,000,000. If hon. gentlemen had taken the trouble to look up these facts they would have found that the duty paid on this commodity dropped from \$20,000,000 in 1931 to \$14,000,000 in 1932. For the twelve months ended March 31, 1930, we collected \$25,000,000; in the next year we collected \$20,000,000 and last year only \$14,000,000, and the tariff was not changed. The revenue on that one commodity decreased \$6,000,000, which is a very good illustration of the contraction in world trade. The figures of the League of Nations, as I have said, show that the international trade has decreased by one-half.