

figures in connection with the Argentine, I do not think it is far from twenty-five per cent. Action has been taken recently by the Danish government to bring their exchange to practically the same level as that prevailing in New Zealand. I should like to quote from an article which appeared in the London Times of February 1, headed Danish Labour Troubles and Inflation of Currency. It reads in part as follows:

—the government has agreed to allow the krone to fall to 22.50 to the pound.

It gives a statement by the Prime Minister of Denmark as follows:

The decline in the krone rate which has taken place in a few days proves that it has not been possible to maintain that relation between Danish and British currency which has been aimed at. In sympathy with the legislative assembly, and with the support of the National bank, the government announces that the rate of exchange fixed to-day—that is, 22.50 kroner to the pound—will be maintained.

That works out at very nearly the value of the New Zealand currency. When we export wheat we compete with Australia and the Argentine, but how can we compete when the pound brings us only \$4.10 while it brings \$6.10 in Australia? How can we compete with New Zealand in butter and cheese and with Denmark in bacon? How can our lumbermen compete with Sweden and Norway where the pound is at the old parity? This stabilization proposal will not give us anything like an equal chance to compete.

About a week or two ago, when the Prime Minister was speaking upon the Unemployment Relief Bill, he stated that in the opinion of many observers outside Canada, conditions in this country were better than in any other in the world. He surely, when he made that statement, had not got in touch with the right people. I want to say that conditions in Canada are not as good as they are in many other countries. Conditions are better in Australia, Sweden and Denmark than they are in Canada. I have under my hand a few clippings taken from the Melbourne, Australia, Herald of January 17 of this year. In that paper they point out that Australia's exports have largely increased during the past two years. May I read just a few sentences from this clipping. It states:

World prices for Australia's exports fell to low levels. This left a big gap between costs and prices. The gap was lessened by a reduction in interest charges. The most important adjustment which helped was an increase in the exchange rate.

In January, 1931, the rate was raised to (Australia) £130—(sterling) £100.

The redistribution of income which resulted from this movement was further strengthened [Mr. Coote.]

by the suspension of the gold standard by Britain and the depreciation of sterling in terms of gold.

In December, 1931, the Australian rate was reduced to (Australia) £125—(sterling) £100 and has been held at that point since. The effect of these exchange movements has been to keep Australian export prices fairly steady over the year, while gold prices have continued to fall.

An accompanying chart in the paper shows the export price index figure as being Australia, 54; sterling, that is Britain, 44 and gold, 30. Australian exporters were getting a much better price than their competitors in gold standard countries. This has been the greatest factor in increasing Australia's exports, securing the solvency of her producers, raising commodity price levels and enabling the government to balance the budget. That is the one sentence I want to repeat for the benefit of the Minister of Finance. It has enabled the Australian government to balance the budget. Why all this effort in Canada to balance the budget by drastic economies and drastic increases in taxation, and in the end being \$100,000,000 away from a balance? Australia has shown us the way if we are not too blind to see it.

I shall have to hurry over the other points, but may I state that Australian four per cent bonds are selling in that country at a premium; that a £100 bond is worth £101 16s 3d on the market. This table also shows that their exports have very largely increased. Their exports of flour for the year 1931-32, as compared with the average of 1926-29, show an increase of practically 22 per cent, while comparative figures for Canada show a decrease of 47 per cent. Their exports of wheat increased 82 per cent while ours decreased 32 per cent. Their exports of butter increased 116 per cent while ours increased 12 per cent. This paper says that there is an improvement in retail trading; turnover is increasing; costs are down and many retail stores show improved profits.

I should like to point out that the wholesale price chart shows that the price level in Australia during 1931 and 1932 has not fluctuated more than three points, being at about eighty-one in January, 1931, and standing at eighty in the fall of 1932. In Canada the index figure fell from seventy-six in January, 1931, to sixty-four in December, 1932. Australia has escaped a lot of the tragedies of deflation from which the United States and Canada have suffered. May I again remind the Minister of Finance and the house that Australia has balanced her budget and last fall I read in the press that Argentina had also balanced her budget.