

put their shoulder behind the wheel and raise all the money that could possibly be raised, and do so voluntarily. One of the most dangerous and objectionable features of the present budget is not in the increase in the excess profits tax from 80 per cent to 100 per cent by means of a 20 per cent refundable portion, because, after all, that is a delayed saving, which eventually will come back to the company; it is the change, which I mentioned this afternoon, in the method of figuring the excess profits tax. This is a mere change in the arithmetical or mechanical method, but it has a very great effect on the amount of income left to these various corporations. If I may illustrate it by an example, since this budget was introduced we have seen that the principal chartered banks in Canada have had to reduce their dividends from \$8 to \$6. That is a direct reflection of the incidence of this excess profits tax. It is not so much to give up \$2 a year on a security like that, but it is the fact that the reduction in dividend is reflected in the capital values of these securities to the extent of twenty times the dollar amount. For \$2, therefore, \$40 must be deducted from the capital amount, and that results in an atmosphere which is entirely deflationary. It prevents people from having as much with which to meet their obligations, particularly business men from having as much money with which to meet their financial obligations, as they otherwise would have had, and it produces an atmosphere which is not as satisfactory for the purpose of floating loans as otherwise would have been the case.

We are always impressed in this house with the sincerity and forthrightness of the minister. It is very convincing; it would be convincing even if he were wrong. But if I may say so, finance is a matter for unruffled tempers and cool calculation. I remember very well being called to the telephone one morning at two o'clock, to be told that Great Britain had gone off the gold standard. It was then felt by all of us who believed in orthodox finance that this was very nearly the end of the financial world. As a matter of fact, experience since that time has shown us that we have got along very much better off the gold standard than was the case in 1932, for example, when we were on the gold standard. A difference of opinion, particularly when it relates to degree rather than to principle, should not have the effect of calling forth from the Minister of Finance such terms as "fallacious," "dangerous," and "mistaken." If I may once more mention this subject, we have seen this bill pass through several stages in this house to-night. Very few of us have had a chance to read the

amendments, nor have we been able to grasp their contents or their significance. This is one of the most important bills with which this house has had to deal this session. Until we resort to the budget committee system, where we shall have ample time not only to read and consider the bills but to receive the benefit of the opinion of experts, it is impossible for this house to make the contribution which the people of Canada expect it to make. Not until the budget committee system is adopted and the representatives of the people are consulted, shall we have democracy substituted for bureaucracy and a people's budget adopted in this house.

Motion agreed to and bill read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Vien in the chair.

DEPARTMENT OF MINES AND RESOURCES

Surveys and engineering branch.

152. To provide for general expenses of the committee as established under P.C. 682, dated February 17, 1941, to report on the conservation of the waters of the St. Mary and Milk rivers.

Mr. BLACKMORE: Last evening when we were considering this item I read the findings of the special committee appointed to investigate the whole matter of the use of the waters of the St. Mary and Milk rivers along the United States boundary in southern Alberta. The essential facts brought out in the findings were as follows, that under the order of October 4, 1921, Canada's share of the St. Mary river would be 362,000 acre feet, and of the Milk river, 40,000 acre feet. Since 1921, Canada has constructed irrigation works to use from the St. Mary river 163,000 of her 362,000, and from the Milk river 2,000 of her 40,000.

Mr. MacNICOL: That is 40,000 what?

Mr. BLACKMORE: Acre feet. According to the order of October 4, 1921, that is the amount.

Mr. MacNICOL: I have read that carefully.

Mr. BLACKMORE: In the division of waters of the Milk river and the St. Mary river between Canada and the United States, Canada was apportioned 362,000 acre feet from the St. Mary river. Canada has constructed irrigation works with which she has been able to use 163,000 of those 362,000. She was apportioned from the Milk river 40,000, and she has constructed irrigation works with which she has been able to use 2,000.