

That quotation will be found at page 1972 of *Hansard* for this year.

The main concern at that time was to ensure that there should be no profiteering incidental to preparations for defence. The then Minister of Finance (Mr. Dunning) envisaged different methods for controlling profits in the event of war. In the same debate he said:

And of course if—God forbid—war should come and we have to consider the results of war inflation of one kind and another, outside of this measure altogether we shall have to evolve schemes for profit control which will apply not only on purchases by the Department of National Defence. I think there is no doubt we would come to that.

That is to be found in *Hansard* for March 29 of this year, at pages 2397-8.

I hope I have already made it abundantly clear that the attitude of the government to-day is just as firm in that respect, and if anything more were needed to show our firmness the tax proposals in the budget speech should leave no room for doubt on this score. What we do want to ensure is that the procedure for which there might have been time in days of peace does not hamper and slow up the meeting of urgent needs in the present situation, when the saving of time may mean the saving of lives. The war supply board will be so constituted as to function speedily and effectively in the matter of purchases. But this problem is no longer confined to the purchase of day to day requirements on a comparatively limited scale. The problem is now broadened to include planning not only for months but perhaps for years ahead. Further than that, it includes the whole question of the supply of materials of all kinds directly or indirectly necessary for the prosecution of the struggle. It involves the investigation of sources of supply of many commodities, not only those produced in Canada but those which must be obtained abroad; also the working out of measures to conserve essential supplies here which otherwise might be exported, and the ascertaining of capacities and capabilities of plants and businesses for producing or supplying essential needs.

Equally important is the endeavour which must be made to ascertain and forecast not only present but prospective needs, and to take steps to see that supplies will be conserved or obtained to fill these needs from time to time. The experience of the last war revealed clearly that staying power, the effective use of economic resources, was the decisive factor. It is but a commonplace to say that in modern war economic defence is as vital as military defence. Canada's geographical situation especially fits her to make

[Mr. Mackenzie King.]

a tremendous material and technical contribution to the joint effort. This joint effort raises another problem, namely the distribution of available materials as between us and our allies. Now that purchases on a large scale by the British government, and probably by other governments associated with Great Britain in the struggle, are likely to be made in Canada it is advisable that there should be an authority with power to act not only for Canada but as agents for other governments if they should desire it, and in any case to coordinate the purchases of the Canadian government with those made for other governments.

Furthermore the experience of the last war has clearly shown that the problem of securing armaments and munitions cannot be separated from the general economic organization of the country. For example, if too much energy and material is thrown into the manufacture of munitions, some other industry equally essential to the national effort may be crippled. In order to prevent such a situation arising, the governmental body must have power, not merely over the production of munitions themselves, but over production of related supplies, if a proper balance is to be maintained, and the most effective use made of our varied resources.

Not only will it be necessary to coordinate the industrial production of the country in a way which would not be desirable in peace time, but it may be necessary to determine priorities in the case of certain essential materials. A Canadian supply authority must be able to divert production from one field to another as the changing circumstances of war may demand. It is essential that an organization be created which will view the problem of supply as a whole and which will have the capacity to act in whatever direction action is most urgently needed.

While the legislation which the government has introduced provides for the creation of a department of munitions and supply, it is not the intention of the government to set up a full-fledged department immediately. We are anxious to avoid unnecessary duplication of departments, and to have the benefit which will be gained from actual experience in operation of a fully authorized and competent board working to achieve the best methods of handling the complex and far reaching problems involved in respect of war supplies. We feel that the reasons for having made the defence purchasing board responsible to the Minister of Finance apply even more strongly in the case of a war supply board during the period in which an organization is being built up. The problem of finance is a vital element in the general problem of supply, and the