

and their sometimes wholly indefensible methods of competition. I do not think this is the day to do anything which would deprive the Parliament of Canada of the control it should have over those who manufacture or sell goods within her borders.

Another point, which is of still later discovery, and I think is now admitted by most military writers: No nation can undertake any part in modern warfare unless she is wholly organized in industry. That is an admission we dare not hope this war will be the last war. Whether that be so or not, it would be well to wait and do nothing to affect the standing of our industries during the present crisis. Even with more diffidence than in the case of the former suggestion, I would like to ask the Acting Minister of Finance and his colleagues to consider the advisability of the appointment of a permanent tariff and financial commission. The whole world of finance has so altered in the last few years that most of us feel we should be again at school in considering questions such as these. The first thing that is necessary in formulating a tariff, or making a financial decision, is to know the facts, and so far as I am aware we are in woeful ignorance of many of the facts governing the industries which we presume either to aid, or as they claim injure, by the imposition or reduction of customs duties.

There is one other point which I would like to also mention, and that is in connection with the Excess Profits Tax. I have no interest in any institution making a profit out of the war. Nay, rather, every institution with which I am connected has been injured rather than helped, and the struggle has been rather to maintain pre-war earnings than to reap benefits from war conditions. But, endeavouring to look at this question from an impartial standpoint, it does seem to me that the very sharp rise from a tax of one-fourth when profits amount to fifteen per cent to one-half of those profits when they amount to twenty per cent, and a further increase to a seventy-five per cent tax on additional profits will act as a check on the expansion of many of the fundamental industries of the country, and will, moreover, deter the entry of fresh capital into Canada. We must not forget that we can obtain a high return from the best form of investments which do not call for any personal energy, and where there is an almost absolute absence of risk. When, therefore, sums are put into industries

where risk is always a predominant feature, where a series of lean years may occur, it is wise, I think, both from the point of view of the industry and of the country, that that industry be allowed to accumulate a very substantial reserve to meet the possible hard times ahead of it. Then, too, we must not forget the effect of our increased Income Tax and of our Excess Profits Tax on future Government loans. There can be no doubt, as one writer has put it, "the ultimate source of a national loan is the unspent income of the nation's producers." Hitherto it is possible we have been able to find investors whose money has been lying by awaiting some suitable security, but that reservoir will soon be emptied and we must then depend upon the thrift and productiveness of the nation to yield each year a sufficient sum which can be turned over to the Government to aid in the war. As one American financial writer has put it:

When a nation declares war it is turning its face towards commercial bankruptcy, and the task of the financier at that time is to so control both the machinery of credit and the machinery of taxation that the productive power of the country may be used to make headway against unproductive consumption, and at the same time to hold under control those forces that tend to wreck the industrial organization by which that power is maintained.

Canada, to my mind, is in one sense the most marvelous factory of the world, a plant ready and waiting for the workers. It is true that we may have, for the moment, too heavy an overhead cost; we may have a multiplicity of legislative machinery, more than sufficient for our population. But, looking to the future, and believing, as I think we all do, in the progress this country will make once times become normal, every care should be taken not to place barriers against that progress.

In concluding these remarks, Mr. Speaker, I feel sure that the country is prepared to accept any burden imposed by this budget cheerfully and in the best spirit. It has been said that some section or other of the country does not realize that we are at war. I think, sir, we do realize that we are at war; but, perhaps a majority of us do not realize the personal obligation cast upon every one to do his or her share. The habits of a lifetime, the love of ease, the conventions which surround us, prevent us from giving full effect to the force which we could exercise in aid of the nation. We do not forget the claim of those who have