

we thought we ought to proceed with these amendments by way of legislation, taking the house fully into our confidence. In view of the objections taken last night to this course of procedure I have referred to the Department of Justice the several points raised, particularly by the hon. member for St. Lawrence-St. George (Mr. Cahan). The law officers of the crown advise us that we can proceed with the necessary amendments to the Combines Investigation Act under the War Measures Act. That being so, and having regard to the desire of the government to avoid as far as possible introducing any controversial legislation at this session, we have decided to withdraw this bill and proceed with such amendments of the combines act as may be required as time goes on under the provisions of the War Measures Act.

Mr. SPEAKER: Is it the pleasure of the house that the hon. Minister of Labour shall have leave to withdraw the bill?

Mr. A. A. HEAPS (Winnipeg North): Mr. Speaker, the Minister of Labour (Mr. Rogers) has stated that because of certain representations made last evening he now proposes to withdraw this bill. Some members of the house are not in favour of that course being followed. Personally, I think that when the house is in session all the legislation which the government seeks to put into effect should be brought down and passed upon by the house. In years gone by, objections were raised, particularly by hon. members to my right, to the government proceeding by order in council at a time when the house was in session.

There is strong resentment throughout the country against the increase in prices of everyday commodities of life. It is possible that in this proposed legislation is to be found the means of curbing those who would attempt to profit by the existing war prices. We are given the impression that by withdrawing these amendments to the Combines Investigation Act the government are weakening in their effort or desire to put a stop to war profiteering. If the house were not in session I could well understand the desire of the government or the desire of the opposition to see that action was taken under the War Measures Act, but I contend that the democratic method of procedure is to proceed by way of legislation when the house is in session. There is no excuse for the government's withdrawing legislation of this kind simply because some hon. members happen to be opposed to it. It may be that this legislation can be described as contentious, but if there is to be a real effort on the part of the government to curb profiteering I cannot see why such a

measure as this can be called contentious. I doubt if there is a single member in this house who does not desire that profiteering be curbed with the least possible delay.

Mr. SPEAKER: Order. I thought the hon. member intended to make only a few remarks. I had put the motion and I thought it was carried.

Mr. HEAPS: It was not carried. I have every desire to expedite the business of the house, but—

Mr. SPEAKER: The motion is not debatable.

Mr. HEAPS: If the motion is not debatable, then I must bow to your ruling.

Mr. SPEAKER: I allowed the hon. member to speak because I thought he had only a few remarks to make. If he is going on to make a lengthy speech, then I must call him to order.

Mr. HEAPS: I should like to know whether it is debatable or not debatable.

Mr. SPEAKER: It is not debatable.

Mr. HEAPS: If it is not debatable, then I am out of order. I do want to say that I protest against the withdrawal of this bill.

Mr. ROGERS: With the consent of the house, I really believe the point raised by my hon. friend ought to be answered immediately. Let me assure him that the matter at issue is simply one of procedure and not one of intention. We are advised by the law officers of the crown that under the War Measures Act we have the power to proceed with the amendments which are necessary to make the Combines Investigation Act effective in time of war. Let me assure my hon. friend that this is our intention, to make the Combines Investigation Act effective in time of war and to take whatever steps may be necessary to curb profiteering at this time.

Bill withdrawn.

THE BUDGET

FINANCIAL PROPOSALS PRESENTED BY THE ACTING
MINISTER OF FINANCE

Right Hon. W. L. MACKENZIE KING
(Prime Minister) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

Hon. J. L. ILSLEY (Acting Minister of Finance): Mr. Speaker, it is a matter of universal regret that since the presentation of the last budget the Hon. Mr. Dunning, the then Minister of Finance, has been obliged to resign by reason of ill health. Sufficient time

The Budget—Mr. Ilsley

has not elapsed since the appointment of his successor for his election to a seat in this house, and it is therefore necessary that the financial proposals of the government should be placed before the house by the holder of another portfolio.

The task before us to-day, like many a task in war, is a difficult and disagreeable one. Budgeting at the best of times is not a pleasant business, as it involves essentially the counting of the cost of what we do. In the situation to-day, when we are entering upon a war of whose nature and duration we can guess only a little, it is difficult even to foresee the order of magnitude of the cost we shall eventually have to incur, and to pay. Therefore, our financial plans can only be provisional and we must be prepared to adapt them to changing circumstances. But it is doubly important under these conditions that we act with care, and seek to avoid financial pitfalls as we would the stratagems of the enemy. We shall not make the mistake which was justifiably made when Canada entered the last war, expecting it to be a short and only moderately expensive one. We know that mechanized warfare on the modern scale is tremendously costly and we can be sure that if the war continues the cost will increase probably more than proportionately. Therefore we must make our plans now with the full realization that we may be in for years of strenuous national effort.

We enter this war at a time when Canadian business has been reviving from the recession which checked our recovery from the great depression. Without attempting to describe economic conditions in detail, I would draw your attention to the fact that conditions have improved substantially in the four months that have elapsed since the last budget. Our western farmers are harvesting a bountiful wheat crop, apparently much better than was expected a month ago when earlier, more roseate prospects were being threatened by weather conditions. Wheat prices have also risen considerably in expectation of increased war demand. Construction activity, not only residential but industrial and commercial as well, has shown a notable increase due in substantial part to the measures enacted by parliament to stimulate it. Our exports both to the United Kingdom and the United States have increased substantially. In spite of the acute political tension in Europe during the last few months, business sentiment in Canada had improved and there was mounting evidence of a new forward-looking attitude. Given peace, we might legitimately have anticipated a brisk recovery during the balance of the fiscal year. Now that war is upon us, its immediate effects may produce hesitation and quietness for a month or two in view of the shock to business

(Mr. Ilsley.)

confidence and the necessity of making readjustments to war conditions. This period should not last long, and once it has passed we may, I think, expect a more rapid expansion due to the insatiable demands of war.

It has been a matter of special gratification to note the comparatively moderate effect of the immediate shock of war upon our financial markets. It was only natural that certain reactions should take place in the opening days of a major war but there has been no closing of stock exchanges, no public hysteria, no wholesale liquidation, no strain upon our financial institutions. What a contrast with the cataclysmic events of the first two weeks of August, 1914! What has happened is, of course, a strong tribute to the vastly improved position which we enjoy to-day. True, we start with a much higher public debt, but in most other respects our economy is infinitely stronger. We are no longer dependent on vast imports of foreign capital on which the old pre-war boom was based. During and since the war, Canadian savings have increased enormously and we have built up a vast and efficient mechanism for the mobilization of these savings. The strength of our banking system has always been recognized, but the changes which we have made in monetary and banking legislation during the last few years have greatly improved its efficiency and flexibility and its ability to promote the public welfare in war-time as well as in peace-time. In recent years we have increased enormously the diversification of our industries, and in particular the remarkable expansion of our mining and metal industries will be of unique importance in a modern war. In every way we are far better able to undertake immediately the great economic tasks which war has thrust upon us.

Coming to my immediate task, I will endeavour first to review the outlook for our revenues and expenditures for the present fiscal year in the light of the new developments. You will not, I am sure, expect me to deal with these matters in the detail which is usual in an ordinary budget address, and I know that you will be ready to make allowances for the difficulties which inevitably present themselves to anyone who must attempt the role of forecasting the probable course of events during even the next few months. No one can predict with any measure of confidence precisely what lies ahead of us, and the estimates which I will give you should be regarded merely as rough approximations based on our view of the probable course of events.

You will recall that in April last the then Minister of Finance forecast total revenues

