

community. When I come to deal with the marketing of the natural products of the Prairie Provinces I hope to be able to convince honourable members that the question of peace or national security—call it what you may—is very close to the thinking people of Western Canada.

Bearing the name I do, which originated in that part of the British Isles where most great men come from,—

Some Hon. SENATORS: Hear, hear.

Hon. Mr. HAIG: —naturally I am concerned about the position in which Great Britain might find herself in the event of another war, and while yesterday afternoon my right honourable leader played on my emotions as only he is so capable of doing, yet I know, in common with all honourable members, that the problem of national defence is one of the most difficult we have to deal with. I will say no more on the point.

I come now to the problems common to the whole Dominion: unemployment, debt and Canadian National Railways deficits. I do not believe we shall be able to solve the Canadian National Railways problem until we have one national railway system. I am of opinion that the Government of Canada, or a commission established by it, should control all forms of transportation, whether by road, rail or water. I am convinced that the solution of our railway problem must be along that line, and undoubtedly it is one of the most serious problems that confront us to-day. International finance is disturbed not only by the deficit of the Canadian National Railways, but also by the absence of dividends on Canadian Pacific Railway stock. We must retain the confidence of international financiers in order to secure further capital for the development of our resources after the world has recovered from the hysterics under which it is now suffering. We cannot hope to retain that confidence while the Canadian National Railways are going behind to the extent of millions of dollars a year. I do not care what the Government may do to revise the capital structure of the Canadian National Railways; it cannot prove of any use unless we have a great increase of freight, which, in turn, depends on a general recovery in trade and industry. The late chairman of the Canadian National Railways Board expressed the opinion that the earnings of the system for 1935, amounting to about \$183,000,000, would have to be nearly doubled before the system would be on a paying basis. Similarly the earnings of the Canadian Pacific must be largely increased before the company can

Hon. Mr. HAIG.

resume dividend payments. This, of course, is not peculiarly a Western problem; it confronts the whole Dominion.

Debt also is not peculiarly a Western problem, but is one of the vital issues confronting the Prairie Provinces. How many people in Eastern Canada, especially in these two central provinces, are disturbed over what has happened in Alberta? With a full sense of my responsibility and a full appreciation of the import of my words, let me say, I am persuaded that what has happened in that province will happen also in Saskatchewan and in Manitoba unless very shortly the problem is faced. A commission appointed by the bond dealers of Toronto and other cities in Eastern Canada made a careful investigation of the province's indebtedness and reported that, including provincial, municipal and private debts, it exceeds \$500,000,000.

I was in Alberta last August. From Calgary southward I found no crops at all. Some of the farmers called me an Easterner because I came from Winnipeg. They said to me: "You can call on us to pay, but what are we going to do with these farms? How can we pay any municipal or any provincial taxes?" They informed me that the last rain south of Lethbridge was on May 25, and even pretty good land was giving a yield of only five to seven bushels to the acre. This will give honourable members some idea of the desperate situation of these farmers. I am convinced that if to-morrow there should be a general election in Alberta Mr. Aberhart and his Government would be sustained. Why? Not simply because of the introduction of Social Credit. Legislation has been enacted which has nothing to do with Social Credit. For instance, the Legislature has passed a measure declaring that bond interest shall be cut in two, and that any money paid prior to July 1, 1932, on account of interest shall be applied in reduction of principal. And if to-morrow there should be a general election in Saskatchewan a party prepared to take similar drastic action would undoubtedly be returned. It would not necessarily be a Social Credit Government. I do not think that one-quarter of the people of Alberta believe in Simon-pure Social Credit. They have no faith in the promise of a basic dividend of \$25 a month, for investigation has disclosed that no man owning land would sign the "covenant"; only his wife and boys and hired help did so. Nevertheless the Government of Alberta said, "We cannot pay this load of debt; so we are going to do something to meet it."