

but I would point out that it is the Department of Munitions and Supply which has laid the charge. The charge is that this firm knowingly sold to the government material which did not measure up to the specifications laid down. I would emphasize the gravity of that kind of offence. I pointed out previously that charges have been laid in connection with the manufacture of bedding which was supposed to have been made from new material or material guaranteed to be safe so far as health is concerned, but the charge is that the material was second-hand and not clean. This is an offence endangering the health of the members of the armed forces as well as defrauding the government and endeavouring to make unusual profits, if the charges are substantiated, out of the war situation. I agree wholly with the Minister of Justice that the penalty in such a case should be severe.

Mr. GRAYDON: Is that case before the courts?

Mr. KNOWLES: Yes, it is; at least that is the information we have been given in the house. I agree with the minister that the penalties provided by way of the amendment are substantial as compared with the former penalties. But the contention that I was making on second reading was that even the new penalties are not substantial as compared with a possible life sentence for certain postal offences. I accept the explanation, in part at least, which the minister has given in connection with section 1, but it seems to me that he still has to explain why there cannot be at least an equally severe penalty under section 3. My contention is—following the minister's argument in connection with section 1—that there may be cases of defrauding the government, such as the one to which I have referred, which are flagrant enough to call for a life sentence, but under the amendment a sentence greater than seven years and a fine of \$50,000 would not be permitted. The point I am trying to make is that the penalty under section 3 is light in comparison with the penalty under section 1.

Mr. ST. LAURENT: The hon. member will agree that if he and I were redrafting the provisions that apply to simple theft, or to theft with various aggravating circumstances, we should find that the penalties which the code provides rather severe and we would probably be recommending a scale quite different from the one that is at present in effect.

Mr. KNOWLES: Certainly, and a better balanced scale.

Section agreed to.

On section 3—Fraud, etc., in connection with sale, etc., of military stores.

Mr. KNOWLES: This clause relates to section 436 of the criminal code. Suppose it be found that a firm has applied for and received subsidies from the Commodity Prices Stabilization Corporation and that the application for these subsidies was of a fraudulent nature, could a charge be laid against that firm under this section, or would that come somewhere else?

Mr. ST. LAURENT: I would imagine, on the hypothesis stated by the hon. gentleman, that a crown prosecutor would be apt to bring an indictment for obtaining under false pretences.

Mr. GRAYDON: Have there been any such cases?

Mr. ST. LAURENT: I do not know of any case of subsidies having been obtained under false representation. There has been no request to the Department of Justice to select agents to prosecute any such claim.

Mr. KNOWLES: Just to have the record clear, and in reply to the leader of the opposition, may I say that I have been asking questions both on the war appropriation resolution and on the order paper relating to matters of this kind. The final answers have not been given, but it appears that the Commodity Prices Stabilization Corporation is having some difficulty with some firms over this very kind of thing. I have stated before that I feel it is the kind of thing which should be run down, despite the dislike of my hon. friend for its set-up, by the war expenditures committee—

Mr. GRAYDON: What good would it do to bring the case before the war expenditures committee?

Mr. KNOWLES: Some good could be done if members of the official opposition would join in the work of the committee.

Mr. ST. LAURENT: There may very well have been cases instituted that would not be brought directly to our attention, because there are instances in which these boards have obtained the appointment of counsel to handle all their cases, and they do not have to come to us for special counsel. We would not be advised of the individual cases where they had their own counsel appointed. But there has been no application for the appointment of an agent to prosecute for the return of subsidies improperly paid out.

Mr. REID: Following the conclusion of the war, what will be the effect of this clause on the War Assets Corporation? There will be